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# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

## Form 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 28, 2023

Or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-33160

### Spirit AeroSystems Holdings, Inc.

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**20-2436320**

(I.R.S. Employer  
Identification No.)

**3801 South Oliver**

**Wichita, Kansas 67210**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code:

**(316) 526-9000**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Class A common stock, par value \$0.01 per share	SPR	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging Growth Company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark whether the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 18, 2023, the registrant had 105,570,958 shares of class A common stock, \$0.01 par value per share, outstanding.

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**PART 1. FINANCIAL INFORMATION**

**Item 1. Financial Statements (unaudited)**

**Spirit AeroSystems Holdings, Inc.**  
**Condensed Consolidated Statements of Operations**  
**(unaudited)**

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
	(\$ in millions, except per share data)			
Revenue	\$ 1,438.9	\$ 1,276.9	\$ 4,235.0	\$ 3,709.5
Operating costs and expenses				
Cost of sales	1,492.5	1,194.0	4,320.2	3,611.4
Selling, general and administrative	69.2	69.1	217.2	203.8
Restructuring costs	—	—	7.2	0.2
Research and development	10.1	9.3	33.9	36.5
Other operating expense	0.8	—	5.7	—
Total operating costs and expenses	1,572.6	1,272.4	4,584.2	3,851.9
Operating income (loss)	(133.7)	4.5	(349.2)	(142.4)
Interest expense and financing fee amortization	(75.1)	(56.8)	(221.1)	(170.8)
Other income (expense), net	7.3	(42.1)	(120.0)	30.2
Loss before income taxes and equity in net income (loss) of affiliates	(201.5)	(94.4)	(690.3)	(283.0)
Income tax provision	(2.4)	(32.9)	(1.1)	(18.4)
Loss before equity in net income (loss) of affiliates	(203.9)	(127.3)	(691.4)	(301.4)
Equity in net income (loss) of affiliates	—	(0.3)	(0.2)	(1.2)
Net loss	\$ (203.9)	\$ (127.6)	\$ (691.6)	\$ (302.6)
Less noncontrolling interest in earnings of subsidiary	(0.2)	—	—	—
Net loss attributable to common shareholders	\$ (204.1)	\$ (127.6)	\$ (691.6)	\$ (302.6)
Loss per share				
Basic	\$ (1.94)	\$ (1.22)	\$ (6.58)	\$ (2.89)
Diluted	\$ (1.94)	\$ (1.22)	\$ (6.58)	\$ (2.89)

See notes to condensed consolidated financial statements (unaudited)

**Spirit AeroSystems Holdings, Inc.**  
**Condensed Consolidated Statements of Comprehensive (Loss) Income**  
**(unaudited)**

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
	(\$ in millions)			
Net loss	\$ (203.9)	\$ (127.6)	\$ (691.6)	\$ (302.6)
Changes in other comprehensive loss, net of tax:				
Pension, SERP, and retiree medical adjustments, net of tax effect of \$1.2 and \$31.9 for the three months ended, respectively, and (\$15.2) and \$30.9 for the nine months ended, respectively.	0.8	(100.8)	49.5	(98.2)
Unrealized foreign exchange gain (loss) on intercompany loan, net of tax effect of \$0.6 and \$1.3 for the three months ended, respectively, and (\$0.2) and \$3.1 for the nine months ended, respectively.	(1.1)	(3.2)	0.4	(7.2)
Unrealized gain (loss) on cash flow hedges, net of tax effect of \$1.2 and \$0.0 for the three months ended, respectively, and \$0.1 and \$0.0 for the nine months ended, respectively.	(5.2)	(18.5)	2.5	(35.5)
Reclassification of (gain) loss on cash flow hedges to earnings, net of tax effect of \$0.0 and \$0.0 for the three months ended, respectively, and \$0.0 and \$0.0 for the nine months ended, respectively.	(3.8)	6.5	(1.7)	12.1
Foreign currency translation adjustments	(22.8)	(37.0)	3.2	(83.5)
Total other comprehensive (loss) gain, net of tax	(32.1)	(153.0)	53.9	(212.3)
Less comprehensive income attributable to noncontrolling interest	(0.2)	—	—	—
Total comprehensive loss	<u>\$ (236.0)</u>	<u>\$ (280.6)</u>	<u>\$ (637.7)</u>	<u>\$ (514.9)</u>

See notes to condensed consolidated financial statements (unaudited)

**Spirit AeroSystems Holdings, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(unaudited)**

	September 28, 2023	December 31, 2022
	(\$ in millions)	
<b>Assets</b>		
Cash and cash equivalents	\$ 374.1	\$ 658.6
Restricted cash	0.2	0.2
Accounts receivable, net	610.3	489.5
Contract assets, short-term	596.0	501.0
Inventory, net	1,690.0	1,470.7
Other current assets	50.6	38.3
Total current assets	3,321.2	3,158.3
Property, plant and equipment, net	2,084.1	2,205.9
Right of use assets	93.5	94.3
Contract assets, long-term	20.9	1.2
Pension assets	28.3	196.9
Restricted plan assets	61.4	71.1
Deferred income taxes	0.1	4.8
Goodwill	631.1	630.5
Intangible assets, net	200.0	211.4
Other assets	97.5	91.8
Total assets	\$ 6,538.1	\$ 6,666.2
<b>Liabilities</b>		
Accounts payable	\$ 1,030.3	\$ 919.8
Accrued expenses	479.5	411.7
Profit sharing	18.1	40.5
Current portion of long-term debt	64.2	53.7
Operating lease liabilities, short-term	8.4	8.3
Advance payments, short-term	36.5	24.9
Contract liabilities, short-term	157.2	111.1
Forward loss provision, short-term	335.3	305.9
Deferred revenue and other deferred credits, short-term	48.4	21.7
Other current liabilities	172.1	54.9
Total current liabilities	2,350.0	1,952.5
Long-term debt	3,811.0	3,814.9
Operating lease liabilities, long-term	84.9	85.4
Advance payments, long-term	276.9	199.9
Pension/OPEB obligation	22.2	25.2
Contract liabilities, long-term	195.6	245.3
Forward loss provision, long-term	289.4	369.2
Deferred revenue and other deferred credits, long-term	87.2	49.0
Deferred grant income liability - non-current	25.4	25.7
Deferred income taxes	8.2	1.3
Other non-current liabilities	243.0	141.6
<b>Stockholders' Equity</b>		
Common Stock, Class A par value \$0.01, 200,000,000 shares authorized, 105,304,482 and 105,252,421 shares issued and outstanding, respectively	1.1	1.1
Additional paid-in capital	1,205.3	1,179.5
Accumulated other comprehensive loss	(150.0)	(203.9)
Retained earnings	540.9	1,232.5
Treasury stock, at cost (41,587,480 shares each period, respectively)	(2,456.7)	(2,456.7)
Total stockholders' equity	(859.4)	(247.5)
Noncontrolling interest	3.7	3.7
Total equity	(855.7)	(243.8)
Total liabilities and equity	\$ 6,538.1	\$ 6,666.2

See notes to condensed consolidated financial statements (unaudited)

**Spirit AeroSystems Holdings, Inc.**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity**  
**(unaudited)**

	Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interest	Total
	Shares	Amount						
(\$ in millions, except share data)								
<b>Balance — December 31, 2022</b>	105,252,421	\$ 1.1	\$ 1,179.5	\$ (2,456.7)	\$ (203.9)	\$ 1,232.5	\$ 3.7	\$ (243.8)
Net loss	—	—	—	—	—	(487.5)	—	(487.5)
Employee equity awards	360,884	—	19.2	—	—	—	—	19.2
Stock forfeitures	(230,612)	—	—	—	—	—	—	—
Net shares settled	(173,639)	—	(5.8)	—	—	—	—	(5.8)
ESPP shares issued	79,840	—	3.2	—	—	—	—	3.2
Other	—	—	—	—	—	—	(0.2)	(0.2)
Other comprehensive gain (loss)	—	—	—	—	86.0	—	—	86.0
<b>Balance — June 29, 2023</b>	105,288,894	\$ 1.1	\$ 1,196.1	\$ (2,456.7)	\$ (117.9)	\$ 745.0	\$ 3.5	\$ (628.9)
Net loss	—	—	—	—	—	(204.1)	—	(204.1)
Employee equity awards	8,055	—	8.6	—	—	—	—	8.6
Net shares settled	(8,490)	—	(0.3)	—	—	—	—	(0.3)
ESPP shares issued	—	—	0.9	—	—	—	—	0.9
SERP shares issued	16,023	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	0.2	0.2
Other comprehensive loss	—	—	—	—	(32.1)	—	—	(32.1)
<b>Balance — September 28, 2023</b>	105,304,482	\$ 1.1	\$ 1,205.3	\$ (2,456.7)	\$ (150.0)	\$ 540.9	\$ 3.7	\$ (855.7)

	Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interest	Total
	Shares	Amount						
(\$ in millions, except share data)								
<b>Balance — December 31, 2021</b>	105,037,845	\$ 1.1	\$ 1,146.2	\$ (2,456.7)	\$ (23.7)	\$ 1,781.4	\$ 0.5	\$ 448.8
Net loss	—	—	—	—	—	(175.0)	—	(175.0)
Dividends declared <sup>(1)</sup>	—	—	—	—	—	(2.2)	—	(2.2)
Employee equity awards	294,175	—	18.2	—	—	—	—	18.2
Stock forfeitures	(91,196)	—	—	—	—	—	—	—
Net shares settled	(142,743)	—	(6.5)	—	—	—	—	(6.5)
ESPP shares issued	40,078	—	1.9	—	—	—	—	1.9
Other	—	—	—	—	—	0.1	—	0.1
Other comprehensive loss	—	—	—	—	(59.3)	—	—	(59.3)
<b>Balance — June 30, 2022</b>	105,138,159	\$ 1.1	\$ 1,159.8	\$ (2,456.7)	\$ (83.0)	\$ 1,604.3	\$ 0.5	\$ 226.0
Net loss	—	—	—	—	—	(127.6)	—	(127.6)
Dividends declared <sup>(1)</sup>	—	—	—	—	—	(1.0)	—	(1.0)
Employee equity awards	36,890	—	10.5	—	—	—	—	10.5
Stock forfeitures	(1,574)	—	—	—	—	—	—	—
Net shares settled	(13,890)	—	(0.5)	—	—	—	—	(0.5)
Other comprehensive loss	—	—	—	—	(153.0)	—	—	(153.0)
<b>Balance — September 29, 2022</b>	105,159,585	\$ 1.1	\$ 1,169.8	\$ (2,456.7)	\$ (236.0)	\$ 1,475.7	\$ 0.5	\$ (45.6)

(1) Cash dividends declared per common share were \$0.00 and \$0.01 for the three months ended September 28, 2023 and September 29, 2022, respectively. Cash dividends declared per common share were \$0.00 and \$0.03 for the nine months ended September 28, 2023 and September 29, 2022, respectively.

**Spirit AeroSystems Holdings, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(unaudited)**

	For the Nine Months Ended	
	September 28, 2023	September 29, 2022
	(\$ in millions)	
<b>Operating activities</b>		
Net loss	\$ (691.6)	\$ (302.6)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization expense	236.9	253.2
Amortization of deferred financing fees	5.2	5.6
Accretion of customer supply agreement	1.8	1.6
Employee stock compensation expense	29.3	28.7
Loss (gain) from derivative instruments	(1.7)	10.5
Loss (gain) from foreign currency transactions	(4.0)	(36.9)
Loss on disposition of assets	0.9	0.8
Deferred taxes	(3.8)	15.7
Pension and other post-retirement plans expense (income)	61.8	17.2
Grant liability amortization	(0.9)	(1.1)
Equity in net loss of affiliates	0.2	1.2
Forward loss provision	(50.7)	(115.3)
Gain on settlement of financial instrument	(1.4)	(21.4)
Change in fair value of acquisition consideration and settlement	(2.4)	—
<b>Changes in assets and liabilities</b>		
Accounts receivable, net	(127.0)	(89.0)
Inventory, net	(227.0)	(47.9)
Contract assets	(114.5)	(112.5)
Accounts payable and accrued liabilities	222.2	210.6
Profit sharing/deferred compensation	(22.5)	(47.6)
Advance payments	87.4	(99.3)
Income taxes receivable/payable	1.1	17.8
Contract liabilities	(3.9)	(25.1)
Pension plans employer contributions	178.0	19.1
Deferred revenue and other deferred credits	67.4	(44.4)
Other	19.7	(6.3)
Net cash used in operating activities	<u>(339.5)</u>	<u>(367.4)</u>
<b>Investing activities</b>		
Purchase of property, plant, and equipment	(76.5)	(82.7)
Other	—	(6.1)
Net cash used in investing activities	<u>(76.5)</u>	<u>(88.8)</u>
<b>Financing activities</b>		
Proceeds from issuance of debt	12.7	—
Payment of principal - settlement of financial instrument	—	(289.5)
Customer financing	180.0	—
Borrowings under revolving credit facility	1.6	—
Principal payments of debt	(47.2)	(33.7)
Payments on term loans	(3.0)	(3.0)
Payment of acquisition consideration	(6.0)	—
Taxes paid related to net share settlement awards	(6.1)	(7.0)
Proceeds from issuance of ESPP stock	2.6	1.9
Debt issuance and financing costs	(0.5)	—
Dividends paid	—	(3.2)
Net cash provided by (used in) financing activities	<u>134.1</u>	<u>(334.5)</u>
Effect of exchange rate changes on cash and cash equivalents	—	(17.5)
Net decrease in cash, cash equivalents, and restricted cash for the period	<u>(281.9)</u>	<u>(808.2)</u>
Cash, cash equivalents, and restricted cash, beginning of period	678.4	1,498.4
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 396.5</u>	<u>\$ 690.2</u>

**Reconciliation of Cash, Cash Equivalents, and Restricted Cash:**

	For the Nine Months Ended	
	September 28, 2023	September 29, 2022
Cash and cash equivalents, beginning of the period	\$ 658.6	\$ 1,478.6
Restricted cash, short-term, beginning of the period	0.2	0.3
Restricted cash, long-term, beginning of the period	19.6	19.5
Cash, cash equivalents, and restricted cash, beginning of the period	\$ 678.4	\$ 1,498.4
Cash and cash equivalents, end of the period	\$ 374.1	\$ 670.5
Restricted cash, short-term, end of the period	0.2	0.2
Restricted cash, long-term, end of the period	22.2	19.5
Cash, cash equivalents, and restricted cash, end of the period	\$ 396.5	\$ 690.2

See notes to condensed consolidated financial statements (unaudited)



**Spirit AeroSystems Holdings, Inc.**

**Notes to the Condensed Consolidated Financial Statements (unaudited)**  
**(U.S. Dollars in millions other than per share amounts)**

**1. Organization, Basis of Interim Presentation and Recent Developments**

Unless the context otherwise indicates or requires, as used in this Quarterly Report on Form 10-Q, references to “we,” “us,” “our,” and the “Company” refer to Spirit AeroSystems Holdings, Inc. and its consolidated subsidiaries. References to “Spirit” refer only to our subsidiary, Spirit AeroSystems, Inc., and references to “Holdings” refer only to Spirit AeroSystems Holdings, Inc.

The Company provides manufacturing and design expertise in a wide range of fuselage, propulsion, and wing products and services for aircraft original equipment manufacturers (“OEM”) and operators through its subsidiaries including Spirit. The Company’s headquarters are in Wichita, Kansas, with manufacturing and assembly facilities in Tulsa, Oklahoma; Prestwick, Scotland; Wichita, Kansas; Kinston, North Carolina; Subang, Malaysia; Saint-Nazaire, France; Biddeford, Maine; Woonsocket, Rhode Island; Belfast, Northern Ireland; Casablanca, Morocco; and Dallas, Texas.

The accompanying unaudited interim condensed consolidated financial statements include the Company’s financial statements and the financial statements of its majority-owned or controlled subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and the instructions to Form 10-Q and Article 10 of Regulation S-X. The Company’s fiscal quarters are 13 weeks in length. Since the Company’s fiscal year ends on December 31, the number of days in the Company’s first and fourth quarters varies slightly from year to year. All intercompany balances and transactions have been eliminated in consolidation.

As part of the monthly consolidation process, the Company’s international subsidiaries that have functional currencies other than the U.S. dollar are translated to U.S. dollars using the end-of-month translation rate for balance sheet accounts and average period currency translation rates for revenue and income accounts. The subsidiaries in Prestwick, Scotland and Subang, Malaysia use the British pound as their functional currency. All other foreign subsidiaries and branches use the U.S. dollar as their functional currency.

In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements contain all adjustments (consisting of normal recurring adjustments and elimination of intercompany balances and transactions) considered necessary to fairly present the results of operations for the interim period. The results of operations for the nine months ended September 28, 2023, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

In connection with the preparation of the condensed consolidated financial statements, the Company evaluated subsequent events through the date the financial statements were issued. The interim financial statements should be read in conjunction with the audited consolidated financial statements, including the notes thereto, included in the Company’s 2022 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 17, 2023 (the “2022 Form 10-K”).

The Company’s significant accounting policies are described in Note 3 *Summary of Significant Accounting Policies* to our consolidated financial statements in the 2022 Form 10-K.

**2. Adoption of New Accounting Standards**

In September 2022, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) ASU No. 2022-04, *Liabilities-Supplier Finance Programs (Subtopic 405-50)*. The amendments in the update require additional qualitative and quantitative disclosure about supplier finance programs. The guidance does not affect the recognition, measurement, or financial statement presentation of supplier finance program obligations. ASU No. 2022-04 is effective on a retrospective basis for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for an amended disclosure requirement related to certain rollforward information, which is effective on a prospective basis for fiscal years beginning after December 15, 2023. The adoption of this guidance did not have a significant impact on the Company’s consolidated financial statements, and the Company does not expect this guidance to have a material impact prospectively.

**Spirit AeroSystems Holdings, Inc.****Notes to the Condensed Consolidated Financial Statements (unaudited)  
(U.S. Dollars in millions other than per share amounts)****3. New Accounting Pronouncements**

In December 2022, the FASB issued ASU No. 2022-06, which defers the sunset date of *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* from December 31, 2022 to December 31, 2024. ASU No. 2022-06 was effective upon issuance. ASU No. 2022-06 provides temporary optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting, providing optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. To date, the Company has not had a modification to which the application of this guidance is applicable. The Company will continue evaluating the potential impact of adopting this guidance on its consolidated financial statements, the impact of which is not expected to be material.

**4. Changes in Estimates**

The Company has a periodic forecasting process in which management assesses the progress and performance of the Company's programs. This process requires management to review each program's progress by evaluating the program schedule, changes to identified risks and opportunities, changes to estimated revenues and costs for the accounting contracts (and options if applicable), and any outstanding contract matters. Risks and opportunities include but are not limited to management's judgment about the cost associated with the Company's ability to achieve the schedule, technical requirements (e.g., a newly-developed product versus a mature product), and any other program requirements. Due to the span of years it may take to completely satisfy the performance obligations for the accounting contracts (and options, if any) and the scope and nature of the work required to be performed on those contracts, the estimation of total revenue and costs is subject to many variables and, accordingly, is subject to change based upon judgment. The Company's estimate of costs depends on maintaining continuing, uninterrupted production at its manufacturing facilities and its suppliers' facilities. The continued fragility of the global aerospace supply chain may lead to interruptions in deliveries of or increased prices for components or raw materials used in the Company's products, labor disruptions, and could delay production and/or materially adversely affect the Company's business. When adjustments in estimated total consideration or estimated total cost are required, any changes from prior estimates for fully satisfied performance obligations are recognized in the current period as a cumulative catch-up adjustment for the inception-to-date effect of such changes. Cumulative catch-up adjustments are driven by several factors including production efficiencies, assumed rate of production, the rate of overhead absorption, changes to scope of work, and contract modifications. Cumulative catch-up adjustments are primarily related to changes in the estimated margin of contracts with performance obligations that are satisfied over time.

Changes in estimates could materially adversely affect the Company's future financial performance. While certain increases in raw material costs can generally be passed on to the Company's customers, in most instances the Company must fully absorb cost overruns. Some of the factors that may cause the costs incurred in fulfilling contracts to vary substantially from current estimates are technical problems, production rate changes, production stoppages, materials shortages, supplier difficulties, realization targets, existence of and execution to recovery plans caused by these factors, and multiple other events, including those identified in Item 1A. "Risk Factors" of the 2022 Form 10-K. The risk particularly applies to products such as the B787, A220, and A350, which are in forward loss positions.

During the third quarter ended September 28, 2023, the Company recognized unfavorable changes in estimates of \$165.1, which included net forward loss charges of \$101.1, and unfavorable cumulative catch-up adjustments related to periods prior to the third quarter of 2023 of \$64.0. The forward losses in the third quarter were primarily driven by labor and production cost growth on the A350 program, additional labor and supply chain cost growth on the B787 program, increased factory performance and supply chain costs on the B767 program, and production costs incurred on the Sikorsky CH-53K program. The unfavorable cumulative catch-up adjustments primarily relate to increased factory performance costs and rework costs related to the quality issue on the B737 aft pressure bulkhead on the B737 program, and production cost overruns and foreign currency movements on the A320 program.

During the third quarter ended September 29, 2022, the Company recognized unfavorable changes in estimates of \$54.0, which included net forward loss charges of \$49.1, and unfavorable cumulative catch-up adjustments related to periods prior to the third quarter of 2022 of \$4.9. The forward losses in the quarter ended September 29, 2022 were primarily driven by losses on the A350, B787, and RB3070 programs. Increased cost estimates for production on the A350 program resulted in a forward loss reflecting additional labor, freight, and other cost requirements driven by parts shortages and production and quality issues. The B787 program forward loss was driven by increased cost estimates for supply chain, rework, and fixed cost absorption. The

**Spirit AeroSystems Holdings, Inc.**
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RB3070 nacelle program forward loss was driven by increased engineering cost estimates. The unfavorable cumulative catch-up adjustments primarily relate to adjustments for production schedule changes and increased costs on the A320 program.

Changes in estimates are summarized below:

Changes in Estimates	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
<b>(Unfavorable) Favorable Cumulative Catch-up Adjustment by Segment</b>				
<i>Commercial</i>	\$ (59.1)	\$ (6.9)	\$ (40.7)	\$ (27.8)
<i>Defense &amp; Space</i>	(4.9)	2.0	(8.7)	1.6
<i>Aftermarket</i>	—	—	—	—
<b>Total (Unfavorable) Favorable Cumulative Catch-up Adjustment</b>	<b>\$ (64.0)</b>	<b>\$ (4.9)</b>	<b>\$ (49.4)</b>	<b>\$ (26.2)</b>
<b>Changes in Estimates on Loss Programs (Forward Loss) by Segment</b>				
<i>Commercial</i>	\$ (86.5)	\$ (47.4)	\$ (298.3)	\$ (132.6)
<i>Defense &amp; Space</i>	(14.6)	(1.7)	(17.5)	(4.0)
<i>Aftermarket</i>	—	—	—	—
<b>Total Changes in Estimates (Forward Loss) on Loss Programs</b>	<b>\$ (101.1)</b>	<b>\$ (49.1)</b>	<b>\$ (315.8)</b>	<b>\$ (136.6)</b>
<b>Total Change in Estimate</b>	<b>\$ (165.1)</b>	<b>\$ (54.0)</b>	<b>\$ (365.2)</b>	<b>\$ (162.8)</b>
EPS Impact (diluted per share based upon applicable forecasted effective tax rate)	\$ (1.57)	\$ (0.55)	\$ (3.48)	\$ (1.66)

**5. Accounts Receivable and Allowance for Credit Losses**
***Accounts Receivable, net***

Accounts receivable represent the Company's unconditional rights to consideration, subject to the payment terms of the contract, for which only the passage of time is required before payment. Unbilled receivables are reflected under contract assets on the Condensed Consolidated Balance Sheets. See also *Allowance for Credit Losses*, below.

Accounts receivable, net consists of the following:

	September 28, 2023	December 31, 2022
Trade receivables	\$ 579.4	\$ 477.9
Other	43.8	19.7
Less: allowance for credit losses	(12.9)	(8.1)
Accounts receivable, net	<u>\$ 610.3</u>	<u>\$ 489.5</u>

The Company has agreements (through its subsidiaries) to sell, on a revolving basis, certain trade accounts receivable balances with Boeing, Airbus Group SE and its affiliates (collectively, "Airbus"), and Rolls-Royce PLC and its affiliates (collectively, "Rolls-Royce") to third-party financial institutions. These programs were primarily entered into as a result of customers seeking payment term extensions with the Company and they continue to allow the Company to monetize the receivables prior to their payment date, subject to payment of a discount. No guarantees are delivered under the agreements. The Company's ability to continue using such agreements is primarily dependent upon the strength of the applicable customer's financial condition. Transfers under these agreements are accounted for as sales of receivables resulting in the receivables being

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derecognized from the Company's Condensed Consolidated Balance Sheets. For the nine months ended September 28, 2023, \$2,657.0 of accounts receivable were sold via these arrangements. The proceeds from these sales of receivables are included in cash from operating activities in the Condensed Consolidated Statements of Cash Flows. The recorded net loss on sale of receivables was \$36.5 for the nine months ended September 28, 2023 and is included in other income and expense. See Note 21 *Other Income (Expense), Net*.

***Allowance for Credit Losses***

During the nine months ended September 28, 2023, there have been no significant changes in the factors that influenced management's current estimate of expected credit losses, nor changes to the Company's accounting policies or Current Expected Credit Losses methodology. The beginning balances, current period activity, and ending balances of the allocation for credit losses on accounts receivable and contract assets were not material.

**6. Contract Assets and Contract Liabilities**

Contract assets primarily represent revenues recognized for performance obligations that have been satisfied but for which amounts have not been billed. Contract assets, current are those that are expected to be billed to our customer within 12 months. Contract assets, long-term are those that are expected to be billed to our customer over periods greater than 12 months. No impairments to contract assets were recorded for the period ended September 28, 2023 or the period ended September 29, 2022. See also Note 5 *Accounts Receivable and Allowance for Credit Losses*.

Contract liabilities are established for cash received in excess of revenues recognized and are contingent upon the satisfaction of performance obligations. Contract liabilities primarily consist of cash received on contracts for which revenue has been deferred since the receipts are in excess of transaction price resulting from the allocation of consideration based on relative standalone selling price to future units (including those under option that the Company believes are likely to be exercised) with prices that are lower than standalone selling price. These contract liabilities will be recognized earlier if the options are not fully exercised, or immediately, if the contract is terminated prior to the options being fully exercised.

	September 28, 2023	December 31, 2022	Change
Contract assets	\$ 616.9	\$ 502.2	114.7
Contract liabilities	(352.8)	(356.4)	3.6
Net contract assets (liabilities)	\$ 264.1	\$ 145.8	118.3

For the period ended September 28, 2023, the increase in contract assets reflects the net impact of more over time revenue recognition in relation to billed revenues during the period. The decrease in contract liabilities reflects the net impact of less deferred revenues recorded in excess of revenue recognized during the period. The Company recognized \$66.4 of revenue that was included in the contract liability balance at the beginning of the period.

	September 29, 2022	December 31, 2021	Change
Contract assets	\$ 547.4	\$ 443.2	104.2
Contract liabilities	(361.7)	(387.0)	25.3
Net contract assets (liabilities)	\$ 185.7	\$ 56.2	129.5

For the period ended September 29, 2022, the increase in contract assets reflects the net impact of more over time revenue recognition in relation to billed revenues during the period. The decrease in contract liabilities reflects the net impact of less deferred revenues recorded in excess of revenue recognized during the period. The Company recognized \$63.2 of revenue that was included in the contract liability balance at the beginning of the period.

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**7. Revenue Disaggregation and Outstanding Performance Obligations**
***Disaggregation of Revenue***

The Company disaggregates revenue based on the method of measuring satisfaction of the performance obligation either over time or at a point in time, based upon the location where products and services are transferred to the customer, and based upon major customer. The Company's principal operating segments and related revenue are noted in Note 23 *Segment Information*.

The following tables show disaggregated revenues for the periods ended September 28, 2023 and September 29, 2022:

<b>Revenue</b>	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 28, 2023</b>	<b>September 29, 2022</b>	<b>September 28, 2023</b>	<b>September 29, 2022</b>
Contracts with performance obligations satisfied over time	\$ 1,064.1	\$ 970.6	\$ 3,176.2	\$ 2,733.3
Contracts with performance obligations satisfied at a point in time	374.8	306.3	1,058.8	976.2
<b>Total Revenue</b>	<b>\$ 1,438.9</b>	<b>\$ 1,276.9</b>	<b>\$ 4,235.0</b>	<b>\$ 3,709.5</b>

The following table disaggregates revenue by major customer:

<b>Customer</b>	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 28, 2023</b>	<b>September 29, 2022</b>	<b>September 28, 2023</b>	<b>September 29, 2022</b>
Boeing	\$ 883.9	\$ 824.3	\$ 2,640.6	\$ 2,233.7
Airbus	274.5	237.2	816.8	822.2
Other	280.5	215.4	777.6	653.6
<b>Total Revenue</b>	<b>\$ 1,438.9</b>	<b>\$ 1,276.9</b>	<b>\$ 4,235.0</b>	<b>\$ 3,709.5</b>

The following table disaggregates revenue based upon the location where control of products is transferred to the customer:

<b>Location</b>	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 28, 2023</b>	<b>September 29, 2022</b>	<b>September 28, 2023</b>	<b>September 29, 2022</b>
United States	\$ 1,156.0	\$ 1,037.0	\$ 3,379.8	\$ 2,768.0
International				
United Kingdom	163.5	145.5	505.3	473.5
Other	119.4	94.4	349.9	468.0
<b>Total International</b>	<b>282.9</b>	<b>239.9</b>	<b>855.2</b>	<b>941.5</b>
<b>Total Revenue</b>	<b>\$ 1,438.9</b>	<b>\$ 1,276.9</b>	<b>\$ 4,235.0</b>	<b>\$ 3,709.5</b>

***Remaining Performance Obligations***

Unsatisfied, or partially unsatisfied, performance obligations that are expected to be recognized in the future are noted in the table below. The Company expects options to be exercised in addition to the amounts presented below:

	<b>Remaining in 2023</b>	<b>2024</b>	<b>2025</b>	<b>2026 and after</b>
Unsatisfied performance obligations	\$ 1,533.7	\$ 5,286.1	\$ 1,758.5	\$ 278.3

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**8. Inventory**

Inventory consists of raw materials used in the production process, work-in-process, which is direct material, direct labor, overhead and purchases, and capitalized pre-production costs. Raw materials are stated at lower of cost (principally on an actual or average cost basis) or net realizable value. Capitalized pre-production costs include certain contract costs, including applicable overhead, incurred before a product is manufactured on a recurring basis. These costs are typically amortized over a period that is consistent with the satisfaction of the underlying performance obligations to which these relate.

	September 28, 2023	December 31, 2022
Raw materials	\$ 395.4	\$ 332.7
Work-in-process <sup>(1)</sup>	1,226.2	1,044.9
Finished goods	46.8	69.4
Product inventory	1,668.4	1,447.0
Capitalized pre-production	21.6	23.7
Total inventory, net	<u>\$ 1,690.0</u>	<u>\$ 1,470.7</u>

(1) Work-in-process inventory includes direct labor, direct material, overhead, and purchases on contracts for which revenue is recognized at a point in time as well as sub-assembly parts that have not been issued to production on contracts for which revenue is recognized over time using an input method. For the periods ended September 28, 2023 and December 31, 2022, work-in-process inventory includes \$256.3 and \$392.2, respectively, of costs incurred in anticipation of specific contracts and no impairments were recorded in the periods.

Product inventory, summarized in the table above, is shown net of valuation reserves of \$148.3 and \$136.8 as of September 28, 2023 and December 31, 2022, respectively.

Excess capacity and abnormal production costs are excluded from inventory and recognized as expense in the period incurred. Cost of sales for the three and nine months ended September 28, 2023 includes period expense of \$56.4 and \$152.9, respectively, for excess capacity production costs related to temporary B737 MAX, A320 and A220 production schedule changes, and abnormal production costs of \$0.8 and \$8.1, respectively, related to the temporary production pause.

**9. Property, Plant and Equipment, net**

Property, plant and equipment, net consists of the following:

	September 28, 2023	December 31, 2022
Land	\$ 30.1	\$ 30.1
Buildings (including improvements)	1,292.3	1,269.1
Machinery and equipment	2,439.6	2,365.1
Tooling	1,061.4	1,055.9
Capitalized software	338.3	336.1
Construction-in-progress	86.0	102.2
Total	5,247.7	5,158.5
Less: accumulated depreciation	(3,163.6)	(2,952.6)
Property, plant and equipment, net	<u>\$ 2,084.1</u>	<u>\$ 2,205.9</u>

Capitalized interest was \$0.4 and \$1.0 for the three months ended September 28, 2023 and September 29, 2022, respectively, and \$3.8 and \$2.9 for the nine months ended September 28, 2023 and September 29, 2022, respectively. Repair and maintenance costs are expensed as incurred. The Company recognized repair and maintenance costs of \$32.1 and \$43.7 for the three months ended September 28, 2023 and September 29, 2022, respectively, and \$124.4 and \$115.0 for the nine months ended September 28, 2023 and September 29, 2022, respectively.

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The Company capitalizes certain costs, such as software coding, installation, and testing, that are incurred to purchase or to create and implement internal-use computer software. Depreciation expense related to capitalized software was \$5.6 and \$5.0 for the three months ended September 28, 2023 and September 29, 2022, respectively, and \$17.5 and \$16.5 for the nine months ended September 28, 2023 and September 29, 2022, respectively.

The Company reviews capital and amortizing intangible assets (long-lived assets) for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the period ended September 28, 2023, there were no events which would require the Company to update its impairment analysis.

**10. Leases**

The Company determines if an arrangement is a lease at the inception of a signed agreement. Operating leases are included in right-of-use (“ROU”) assets (long-term), short-term operating lease liabilities, and long-term operating lease liabilities on the Company’s Condensed Consolidated Balance Sheets. Finance leases are included in Property, Plant and Equipment, current maturities of long-term debt, and long-term debt.

ROU assets represent the right of the Company to use an underlying asset for the length of the lease term, and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

To determine the present value of lease payments, the Company uses its estimated incremental borrowing rate or the implicit rate, if readily determinable. The estimated incremental borrowing rate is based on information available at the lease commencement date, including any recent debt issuances and publicly available data for instruments with similar characteristics. The ROU asset also includes any lease payments made and excludes lease incentives.

The Company’s lease terms may include options to extend or terminate the lease and, when it is reasonably certain that an option will be exercised, those options are included in the net present value calculation. Leases with a term of 12 months or less, which are primarily related to automobiles and manufacturing equipment, are not recorded on the Condensed Consolidated Balance Sheets. The aggregate amount of lease cost for leases with a term of 12 months or less is not material.

The Company has lease agreements that include lease and non-lease components, which are generally accounted for separately. For certain leases (primarily related to IT equipment), the Company does account for the lease and non-lease components as a single lease component. A portfolio approach is applied to effectively account for the ROU assets and liabilities for those specific leases referenced above. The Company does not have any material leases containing variable lease payments or residual value guarantees. The Company also does not have any material subleases.

The Company currently has operating and finance leases for items such as manufacturing facilities, corporate offices, manufacturing equipment, transportation equipment, and vehicles. The majority of the Company’s active leases have remaining lease terms that range between less than one year to 15 years, some of which include options to extend the leases for up to 30 years, and some of which include options to terminate the leases within one year.

Components of lease expense:

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
Operating lease cost	\$ 3.6	\$ 3.2	\$ 10.8	\$ 9.8
Finance lease cost:				
Amortization of assets	9.5	8.3	26.6	24.6
Interest on lease liabilities	2.1	1.7	5.9	5.0
Total net lease cost	\$ 15.2	\$ 13.2	\$ 43.3	\$ 39.4

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Supplemental cash flow information related to leases was as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 3.5	\$ 3.2	\$ 10.5	\$ 9.5
Operating cash flows from finance leases	\$ 2.1	\$ 1.7	\$ 5.9	\$ 5.0
Financing cash flows from finance leases	\$ 13.0	\$ 11.2	\$ 36.9	\$ 33.7
ROU assets obtained in exchange for lease obligations:				
Operating leases	\$ 5.1	\$ 0.1	\$ 5.6	\$ 1.3

Supplemental balance sheet information related to leases:

	September 28, 2023	December 31, 2022
Finance leases:		
Property and equipment, gross	\$ 333.5	\$ 295.4
Accumulated amortization	(129.6)	(103.4)
Property and equipment, net	\$ 203.9	\$ 192.0

The weighted average remaining lease term as of September 28, 2023 for operating and finance leases was 32.5 years and 4.7 years, respectively. The weighted average discount rate as of September 28, 2023 for operating and finance leases was 6.2% and 5.8%, respectively. The weighted average remaining lease term as of December 31, 2022 for operating and finance leases was 31.7 years and 5.3 years, respectively. The weighted average discount rate as of December 31, 2022 for operating and finance leases was 5.8% and 5.0%, respectively. See Note 15 *Debt* for current and non-current finance lease obligations.

As of September 28, 2023, remaining maturities of lease liabilities were as follows:

	2023	2024	2025	2026	2027	2028 and thereafter	Total Lease Payments	Less: Imputed Interest	Total Lease Obligations
Operating Leases	\$ 3.6	\$ 13.9	\$ 14.0	\$ 11.9	\$ 9.3	\$ 177.2	\$ 229.9	\$ (136.6)	\$ 93.3
Financing Leases	\$ 14.7	\$ 51.5	\$ 37.8	\$ 22.8	\$ 9.6	\$ 26.8	\$ 163.2	\$ (21.3)	\$ 141.9

As of September 28, 2023, the Company had additional operating and financing lease commitments that have not yet commenced of approximately \$2.2 and \$28.7, respectively, for manufacturing equipment, software, and facilities that are in various phases of construction or customization for the Company's ultimate use, with lease terms between 2 and 5 years. The Company's involvement in the construction and design process for these assets is generally limited to project management.



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**11. Other Assets, Goodwill, and Intangible Assets**

Other current assets are summarized as follows:

	September 28, 2023	December 31, 2022
Prepaid expenses	\$ 39.6	\$ 27.5
Income tax receivable	2.7	3.9
Other assets - short-term	8.3	6.9
Total other current assets	<u>\$ 50.6</u>	<u>\$ 38.3</u>

Other assets are summarized as follows:

	September 28, 2023	December 31, 2022
<b>Deferred financing</b>		
Deferred financing costs	\$ 0.9	\$ 0.9
Less: Accumulated amortization - deferred financing costs	(0.8)	(0.8)
Deferred financing costs, net	\$ 0.1	\$ 0.1
<b>Other</b>		
Supply agreements <sup>(1)</sup>	\$ 4.1	\$ 6.4
Equity in net assets of affiliates	0.9	1.1
Restricted cash - collateral requirements	22.2	19.6
Rotables	43.6	39.0
Other	26.6	25.6
Total other long-term assets	<u>\$ 97.5</u>	<u>\$ 91.8</u>

(1) Certain payments accounted for as consideration paid by the Company to a customer are being amortized as reductions to net revenues.

Goodwill is summarized as follows:

Segment	Balance at December 31, 2022	Changes in Goodwill Balance			Balance at September 28, 2023
		Acquisitions	Adjustments/Other	Currency Exchange	
Commercial	\$ 296.5	\$ —	\$ —	\$ —	\$ 296.5
Defense & Space	\$ 12.6	\$ —	\$ 0.6 <sup>(1)</sup>	\$ —	\$ 13.2
Aftermarket	\$ 321.4	\$ —	\$ —	\$ —	\$ 321.4
	<u>\$ 630.5</u>	<u>\$ —</u>	<u>\$ 0.6</u>	<u>\$ —</u>	<u>\$ 631.1</u>

(1) As a result of certain purchase price allocation adjustments recorded during the purchase price accounting measurement period based on additional information obtained, the goodwill resulting from the T.E.A.M., Inc. acquisition was adjusted by \$0.6, from \$7.1 that was reported at December 31, 2022, to \$7.7 as of September 28, 2023. See also Note 26 *Acquisitions*.

The total goodwill value includes no accumulated impairment loss in any of the periods presented. The Company assesses goodwill for impairment annually or more frequently if events or circumstances indicate that the fair value of a reporting unit that includes goodwill may be lower than its carrying value. For the period ended September 28, 2023, there were no events or circumstances which would require the Company to update its goodwill impairment analysis.

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Intangible assets are summarized as follows:

	September 28, 2023	December 31, 2022
<b>Intangible assets</b>		
Favorable leasehold interests	2.8	2.8
Developed technology asset	103.1	103.1
Customer relationships intangible asset	139.6	139.6
<b>Total intangible assets</b>	<b>\$ 245.5</b>	<b>\$ 245.5</b>
Less: Accumulated amortization - favorable leasehold interest	(2.1)	(2.1)
Accumulated amortization - developed technology asset	(20.2)	(15.0)
Accumulated amortization - customer relationship	(23.2)	(17.0)
<b>Intangible assets, net</b>	<b>\$ 200.0</b>	<b>\$ 211.4</b>

Amortization expense was \$3.8 and \$3.6 for the for the three months ended September 28, 2023 and September 29, 2022, respectively and \$11.4 and \$10.9 for the nine months ended September 28, 2023 and September 29, 2022, respectively.

The amortization for each of the five succeeding years relating to intangible assets currently recorded in the Condensed Consolidated Balance Sheets and the weighted average amortization is estimated to be the following as of September 28, 2023:

Year	Customer relationships	Favorable leasehold interest	Developed Technology	Total
remaining in 2023	\$ 2.1	\$ —	\$ 1.7	\$ 3.8
2024	8.2	0.1	6.9	15.2
2025	8.2	0.1	6.9	15.2
2026	8.2	0.1	6.9	15.2
2027	8.2	0.1	6.9	15.2
2028	8.2	0.1	6.9	15.2
Weighted average amortization period	14.7 years	5.8 years	12.1 years	13.6 years

## 12. Advance Payments

*Advances on the B787 Program.* Boeing has made advance payments to Spirit under the B787 Special Business Provisions and General Terms Agreement (collectively, the “B787 Supply Agreement”) that are required to be repaid to Boeing by way of offset against the purchase price for future shipset deliveries. Advance repayments were initially scheduled to be spread evenly over the remainder of the first 1,000 B787 shipsets delivered to Boeing. On April 8, 2014, Spirit signed a memorandum of agreement with Boeing that suspended advance repayments related to the B787 program for a period of twelve months beginning April 1, 2014. Repayment recommenced on April 1, 2015, and any repayments that otherwise would have become due during such twelve-month period will offset the purchase price for shipsets 1001 through 1120. On December 21, 2018, Spirit signed a memorandum of agreement with Boeing that again suspended the advance repayments beginning with line unit 818. The advance repayments will resume at a lower rate of \$0.45 per shipset at line number 1135 and continue through line number 1605.

In the event Boeing does not take delivery of a sufficient number of shipsets to repay the full amount of advances prior to the termination of the B787 program or the B787 Supply Agreement, any advances not then repaid will be applied against any outstanding payments then due by Boeing to us, and any remaining balance will be repaid in annual installments of \$27 due on December 15th of each year until the advance payments have been fully recovered by Boeing. As of September 28, 2023, the

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amount of advance payments received from Boeing under the B787 Supply Agreement and not yet repaid was approximately \$194.5.

*Advances on the B737 Program.* In an effort to minimize the disruption to Spirit's operations and its supply chain, Spirit and Boeing entered into a Memorandum of Agreement on April 12, 2019 (the "2019 MOA"), which included the terms and conditions for an advance payment to be made from Boeing to Spirit in the amount of \$123.0, which was received during the third quarter of 2019. Spirit and Boeing entered into a Memorandum of Agreement on February 6, 2020, which extended the repayment date of the \$123.0 advance received by Spirit under the 2019 MOA to 2022. \$0.0 and \$92.3 of advance payments received from Boeing were repaid in the nine months ended September 28, 2023 and September 29, 2022, respectively. There was no balance due as of September 28, 2023.

*Advances on the A350 Program.* During the three months ended June 29, 2023, the Company received an advance payment from Airbus of \$50.0 under an agreement between Airbus S.A.S. and Spirit AeroSystems (Europe) Limited ("Spirit Europe") signed on June 23, 2023 (the "A350 Agreement"). During the three months ended September 28, 2023, the Company received a second advance payment from Airbus of \$50.0. These advances are required to be repaid along with a nominal fee to Airbus by way of offset against the purchase price of A350 FLE shipset deliveries in 2025. To the extent actual deliveries in 2025 are insufficient to offset the advance amount, any amount not offset against deliveries will be due and payable to Airbus on December 31, 2025. In connection with the A350 Agreement, Spirit Europe has pledged certain program assets including work in process inventories and raw materials at Spirit's Scotland facility in an amount sufficient to cover the advances.

*Other:* The *Advance payments, long-term line* item on the Condensed Consolidated Balance Sheets for the period ended September 28, 2023 includes \$18.9 related to payments received from an Aftermarket segment customer for contracted work that was impacted by the sanctions imposed by the U.S. and other governments on Russia following its invasion of Ukraine.

### **13. Fair Value Measurements**

The FASB's authoritative guidance on fair value measurements defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance discloses three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. Observable inputs, such as current and forward interest rates and foreign exchange rates, are used in determining the fair value of the interest rate swaps and foreign currency hedge contracts.
- Level 3** Unobservable inputs that are supported by little or no market activity and are significant to the fair value of assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

At September 28, 2023, the Company's long-term debt includes a senior secured term loan and senior notes described further under Note 15 *Debt*. The estimated fair value of the Company's debt obligations is based on the quoted market prices for such obligations or the historical default rate for debt with similar credit ratings. The following table presents the carrying amount and estimated fair value of long-term debt. See also Note 14 *Derivative and Hedging Activities* and Note 16 *Pension and Other Post-Retirement Benefits*.

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	September 28, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior secured term loan B (including current portion)	\$ 572.6	\$ 571.2 (2)	\$ 571.7	\$ 564.5 (2)
Senior notes due 2025	20.8	20.5 (1)	20.7	20.8 (1)
Senior secured second lien notes due 2025	1,193.8	1,165.9 (1)	1,191.0	1,179.0 (1)
Senior notes due 2026	299.0	278.4 (1)	298.8	272.8 (1)
Senior notes due 2028	696.4	538.9 (1)	695.9	562.3 (1)
Senior secured first lien notes due 2029	888.0	903.8 (1)	887.2	935.7 (1)
<b>Total</b>	<b>\$ 3,670.6</b>	<b>\$ 3,478.7</b>	<b>\$ 3,665.3</b>	<b>\$ 3,535.1</b>

(1) Level 1 Fair Value hierarchy

(2) Level 2 Fair Value hierarchy

**14. Derivative and Hedging Activities**
***Derivatives Accounted for as Hedges***
**Cash Flow Hedges – Foreign Currency Forward Contract**

The Company has entered into currency forward contracts, each designated as a cash flow hedge upon the date of execution, for the purpose of reducing the variability of cash flows and hedging against the foreign currency exposure for forecasted payroll, pension and vendor disbursements that are expected to be made in the British Pound Sterling. The hedging program implemented is intended to reduce foreign currency exposure, and the associated forward currency contracts hedge forecasted transactions through June 2024.

The following table summarizes the notional amounts (representing the gross contract/notional amount of the derivatives outstanding) and fair values of the derivative instruments in the Condensed Consolidated Balance Sheets as of September 28, 2023, and December 31, 2022. The foreign currency exchange contracts are measured within Level 1 of the Fair Value hierarchy. See Note 13 *Fair Value Measurements*.

	Notional amount		Other assets		Other liabilities	
	September 28, 2023	December 31, 2022	September 28, 2023	December 31, 2022	September 28, 2023	December 31, 2022
Derivatives designated as hedging instruments:						
Foreign currency exchange contracts	\$ 160.3	\$ 157.1	\$ —	\$ —	\$ 6.3	\$ 2.4
<b>Total derivatives at fair value</b>			<b>\$ —</b>	<b>\$ —</b>	<b>\$ 6.3</b>	<b>\$ 2.4</b>

Changes in the fair value of cash flow hedges are recorded in AOCI and recorded in earnings in the period in which the hedged transaction settles. The gain (loss) recognized in AOCI associated with our hedging transactions is presented in the following table:

	Three Months Ended		Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
Recognized in total other comprehensive loss:				
Foreign currency exchange contracts	\$ (6.3)	\$ (15.5)	\$ (2.2)	\$ (32.5)

The following table summarizes the gains/(losses) associated with our hedging transactions reclassified from AOCI to earnings:

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	Three Months Ended		Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
Foreign currency exchange contracts:				
Other income (expense)	\$ 3.8	\$ (6.5)	\$ 1.7	\$ (12.1)

Within the next 12 months, the Company expects to recognize a loss of (\$6.3) in earnings related to the foreign currency forward contracts. As of September 28, 2023, the maximum term of the hedged forecasted transaction was 9 months. Generally, the Company has agreements with its counterparties that contain a provision whereby if the Company defaults on its existing credit facilities and payment of the loans extended under such facilities is accelerated, the Company could be declared in default under its agreements, which may result in the early termination of the outstanding derivatives governed by such agreements and the payment of an early termination amount.

***Derivatives Not Accounted for as Hedges***

During the nine months ended September 28, 2023, all foreign currency forward contracts were designated as hedges, and the Company applied hedge accounting to all foreign currency forward contracts.

During the nine months ended September 29, 2022, the Company entered into foreign currency forward contracts in the amount of \$291.5 to minimize the risk of currency exchange rate movements on the Company's planned settlement of the repayable investment agreement between the Company and the U.K.'s Department for Business, Energy and Industrial Strategy. During the nine-month period ended September 29, 2022, these foreign currency forward contracts were settled, and new contracts were entered into in the amount of \$293.7, which were also settled during the period. The Company did not designate these forward contracts as hedges or apply hedge accounting to the forward contracts. For the nine months ended September 29, 2022, the Company recorded a net gain of \$1.6 to other income on the Condensed Consolidated Statements of Operations related to the foreign currency forward contracts.

**15. Debt**

Total debt shown on the Condensed Consolidated Balance Sheets is comprised of the following:

	September 28, 2023		December 31, 2022	
	Current	Noncurrent	Current	Noncurrent
Senior secured term loan B	\$ 5.7	\$ 566.9	\$ 5.7	\$ 566.0
Senior notes due 2025	—	20.8	—	20.7
Senior secured second lien notes due 2025	—	1,193.8	—	1,191.0
Senior notes due 2026	—	299.0	—	298.8
Senior notes due 2028	—	696.4	—	695.9
Senior secured first lien notes due 2029	—	888.0	—	887.2
Present value of finance lease obligations	47.9	94.0	42.2	102.3
Other	10.6	52.1	5.8	53.0
Total	\$ 64.2	\$ 3,811.0	\$ 53.7	\$ 3,814.9

**Spirit AeroSystems Holdings, Inc.**

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***Credit Agreement***

On October 5, 2020, Spirit entered into a term loan credit agreement (the “Credit Agreement”) providing for a \$400.0 senior secured term loan B credit facility with the lenders party thereto and Bank of America, N.A., as administrative agent and collateral agent. On October 5, 2020, Spirit borrowed the full \$400.0 of initial term loans available under the Credit Agreement. On November 15, 2021, the Company entered into a first refinancing, incremental assumption and amendment agreement (the “November 2021 Amendment”) to the Credit Agreement. The November 2021 Amendment provides for, among other things, (i) the refinancing of the \$397.0 aggregate principal amount of term loans outstanding under the Credit Agreement immediately prior to the effectiveness of the November 2021 Amendment with term loans in an equal principal amount with a lower interest rate (the “Repriced Term Loans”) and (ii) an incremental term loan facility of \$203.0 in aggregate principal amount with the same terms as the Repriced Term Loans. On November 23, 2022, the Company entered into a second refinancing amendment (the “November 2022 Amendment”) to the Credit Agreement (the Credit Agreement as amended by the November 2021 Amendment and the November 2022 Amendment, the “Amended Credit Agreement”). The November 2022 Amendment provides for, among other things, the refinancing of the \$594.0 aggregate principal amount of term loans outstanding under the Credit Agreement immediately prior to the effectiveness of the November 2022 Amendment with term loans in an equal principal amount with a later maturity date.

The obligations under the Amended Credit Agreement are guaranteed by Holdings and Spirit AeroSystems North Carolina, Inc., a wholly-owned subsidiary of the Company (“Spirit NC” and, collectively, the “Guarantors”) and each existing and future, direct and indirect, wholly-owned material domestic subsidiary of Spirit, subject to certain customary exceptions. The obligations are secured by a first-priority lien with respect to substantially all assets of Spirit and the Guarantors, subject to certain exceptions.

As of September 28, 2023, the outstanding balance of the Amended Credit Agreement was \$589.5 and the carrying value was \$572.6.

As of September 28, 2023, the Company was in compliance with all covenants in the Amended Credit Agreement.

**First Lien 2029 Notes**

On November 23, 2022, Spirit entered into an Indenture by and among Spirit, the Guarantors, and The Bank of New York Mellon Trust Company, N.A., as trustee and collateral agent, in connection with Spirit’s offering of \$900.0 aggregate principal amount of its 9.375% Senior Secured First Lien Notes due 2029 (the “First Lien 2029 Notes”).

The First Lien 2029 Notes are guaranteed by the Guarantors, and each existing and future, direct and indirect, wholly-owned material domestic subsidiary of the Company that guarantee the Company’s obligations under the Amended Credit Agreement and certain other indebtedness. The First Lien 2029 Notes are secured by a first-priority lien with respect to substantially all assets of Spirit and the Guarantors, subject to certain exceptions.

As of September 28, 2023, the outstanding balance of the First Lien 2029 Notes was \$900.0 and the carrying value was \$888.0.

The First Lien 2029 Notes mature on November 30, 2029.

**2025 Notes**

On October 5, 2020, Spirit entered into an Indenture by and among Spirit, the Guarantors, and The Bank of New York Mellon Trust Company, N.A., as trustee and collateral agent, in connection with Spirit’s offering of \$500.0 aggregate principal amount of its 5.500% Senior Secured First Lien Notes due 2025 (the “2025 Notes”).

The 2025 Notes are guaranteed by the Guarantors and were initially secured by a first-priority lien with respect to substantially all assets of Spirit and the Guarantors, subject to certain exceptions, which lien was released on November 22, 2022.

As of September 28, 2023, the outstanding balance of the 2025 Notes was \$20.8 and the carrying value was \$20.8.

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The 2025 Notes mature on January 15, 2025.

**2026 Notes**

In June 2016, the Company issued \$300.0 in aggregate principal amount of 3.850% Senior Notes due June 15, 2026 (the “2026 Notes”).

The 2026 Notes are guaranteed by the Guarantors, and each existing and future, direct and indirect, subsidiary of the Company that guarantee the Company's obligations under the Amended Credit Agreement and certain other indebtedness.

On April 17, 2020, Spirit entered into a Third Supplemental Indenture (the “Third Supplemental Indenture”), by and among Spirit, the Company, Spirit NC, and The Bank of New York Mellon Trust Company, N.A., as trustee in connection with 2026 Notes. Under the Third Supplemental Indenture, the holders of the 2026 Notes were granted security on an equal and ratable basis with the holders of the Second Lien 2025 Notes.

On October 5, 2020, Spirit entered into a Fourth Supplemental Indenture (the “Fourth Supplemental Indenture”), by and among Spirit, the Company, Spirit NC, and The Bank of New York Mellon Trust Company, N.A., as trustee in connection with 2026 Notes. Under the Fourth Supplemental Indenture, the holders of the 2026 Notes were granted security on an equal and ratable basis with the secured parties under the Credit Agreement.

On November 23, 2022, Spirit entered into a Fifth Supplemental Indenture (the “Fifth Supplemental Indenture”), by and among Spirit, the Company, Spirit NC, and The Bank of New York Mellon Trust Company, N.A., as trustee in connection with 2026 Notes. Under the Fifth Supplemental Indenture, the holders of the 2026 Notes were granted security on an equal and ratable basis with the holders of the First Lien 2029 Notes.

As of September 28, 2023, the outstanding balance of the 2026 Notes was \$300.0 and the carrying value was \$299.0.

The 2026 Notes mature on June 15, 2026.

**Second Lien 2025 Notes**

On April 17, 2020, Spirit entered into an Indenture (the “Second Lien 2025 Notes Indenture”), by and among Spirit, the Guarantors, and The Bank of New York Mellon Trust Company, N.A., as trustee and collateral agent, in connection with Spirit's offering of \$1,200.0 aggregate principal amount of its 7.500% Senior Secured Second Lien Notes due 2025 (the “Second Lien 2025 Notes”).

The Second Lien 2025 Notes are guaranteed by the Guarantors, and each existing and future, direct and indirect, wholly-owned material domestic subsidiary of the Company that guarantee the Company's obligations under the Amended Credit Agreement and certain other indebtedness. The Second Lien 2025 Notes are secured by a second-priority lien with respect to substantially all assets of Spirit and the Guarantors, subject to certain exceptions.

As of September 28, 2023, the outstanding balance of the Second Lien 2025 Notes was \$1,200.0 and the carrying value was \$1,193.8.

The Second Lien 2025 Notes mature on April 15, 2025.

**2028 Notes**

On May 30, 2018, Spirit entered into an Indenture (the “2018 Indenture”) by and among Spirit, the Company and The Bank of New York Mellon Trust Company, N.A., as trustee in connection with Spirit's offering of \$300.0 aggregate principal amount of its Senior Floating Rate Notes due 2021 (the “Floating Rate Notes”), \$300.0 aggregate principal amount of its 3.950% Senior Notes due 2023 (the “2023 Notes”) and \$700.0 aggregate principal amount of its 4.600% Senior Notes due 2028 (the “2028 Notes”) and, together with the Floating Rate Notes and the 2023 Notes, the “2018 Notes”). On February 24, 2021, Spirit redeemed the outstanding \$300.0 principal amount of the Floating Rate Notes. On November 23, 2022, Spirit redeemed the

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outstanding \$300.0 principal amount of the 2023 Notes. Holdings guarantees Spirit's obligations under the 2028 Notes on a senior unsecured basis.

As of September 28, 2023, the outstanding balance of the 2028 Notes was \$700.0 and the carrying value was \$696.4.

As of September 28, 2023, the Company was in compliance with all covenants contained in the indentures governing the First Lien 2029 Notes, 2025 Notes, 2026 Notes, Second Lien 2025 Notes, and 2028 Notes.

The 2028 Notes mature on June 15, 2028.

**16. Pension and Other Post-Retirement Benefits**

Components of Net Periodic Pension Expense (Income)	Defined Benefit Plans			
	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
Service cost	\$ 0.8	\$ 0.5	\$ 2.4	\$ 1.7
Interest cost	18.8	13.1	57.4	42.2
Expected return on plan assets	(20.3)	(28.9)	(62.3)	(99.2)
Amortization of net loss <sup>(1)</sup>	—	71.7	0.1	73.8
Settlement loss (gain) <sup>(2)</sup>	—	0.9	64.6	(0.5)
Net periodic pension expense (income)	\$ (0.7)	\$ 57.3	\$ 62.2	\$ 18.0

Components of Other Benefit Expense (Income)	Other Benefits			
	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
Service cost	\$ 0.1	\$ 0.2	\$ 0.4	\$ 0.6
Interest cost	0.4	0.1	1.1	0.4
Amortization of prior service cost	(0.2)	(0.2)	(0.6)	(0.6)
Amortization of net gain	(0.4)	(0.3)	(1.3)	(1.0)
Net periodic other benefit income	\$ (0.1)	\$ (0.2)	\$ (0.4)	\$ (0.6)

(1) In July 2022, the Company adopted and communicated to participants a plan to terminate the Company's Pension Value Plan A ("PVP A"). As further described in the Company's 2021 Form 10-K, the PVP A consists of pension plans which were frozen as of the date Holdings became a standalone company and commenced operations. During the three months ended September 29, 2022, the PVP A plan was amended, providing for an enhancement to benefits the Company is providing to certain U.S. employees in conjunction with the plan termination. The estimated liability impact of this plan amendment, \$71.7, was recognized immediately as a non-cash, pre-tax non-operating charge for amortization of prior service costs.

(2) Includes a \$64.6 settlement charge for the PVP A during the nine months ended September 28, 2023. Includes a \$0.9 settlement charge for the PVP A during the three months ended September 29, 2022, and a (\$1.4) settlement credit for PVP B related to final asset distribution in the nine months ended September 29, 2022.

The components of net periodic pension expense (income) and other benefit income, other than the service cost component, are included in *Other income (expense), net* in the Company's Condensed Consolidated Statements of Operations. See Note 21 *Other Income (Expense), Net*.

As disclosed in the Company's 2022 Form 10-K, effective October 1, 2021, the Company spun off a portion of the existing PVP A, to a new plan called PVP B ("PVP B"). As part of the PVP B plan termination process, a lump sum offering was provided during 2021 for PVP B participants and the final asset distribution was completed in the first quarter of 2022. At September 28, 2023, a pension reversion asset of \$61.4 is recorded on the *Restricted plan assets* line item on the Company's Condensed Consolidated Balance Sheets. Restricted plan assets are expected to be reduced over the next six years as they are



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distributed to employees under a qualified compensation and benefit program. Restricted plan assets are valued at fair value with gain or loss on fair value adjustments recognized within other income. The underlying investments' fair value measurement levels under the FASB's authoritative guidance on fair value measurements are Level 2, see Note 13 *Fair Value Measurements*.

Separately, during the nine months ended September 28, 2023, the Company received an excess plan asset reversion of \$179.5 of cash from PVP A. During the nine months ended September 29, 2022, the Company withdrew \$34.0 of cash from PVP B, which represented an excess plan assets reversion. These transactions were accounted for as a negative contribution and are included on the *Pension plans employer contributions* line item on the Condensed Consolidated Statements of Cash Flows for the nine months ended September 28, 2023 and September 29, 2022. Excise tax of \$35.9 and \$6.8 related to the reversion of excess plan assets was separately recorded to the *Other income (expense), net* line item on the Company's Condensed Consolidated Statements of Operations for the nine months ended September 28, 2023 and September 29, 2022, respectively. See also Note 21 *Other Income (Expense), Net*.

As disclosed in the Company's 2022 Form 10-K, in July 2022, the Company adopted and communicated to participants a plan to terminate the PVP A. During the nine months ended September 28, 2023, the Company recognized non-cash, pre-tax non-operating accounting charges of \$64.6 related to the plan termination, primarily reflecting the accounting for a group annuity purchase made in the first quarter of 2023, which resulted in a settlement charge related to the accelerated recognition of the actuarial losses for the PVP A plan that were previously included in the *Accumulated other comprehensive loss* line item in the Stockholders' Equity section of the Company's Condensed Consolidated Balance Sheets.

In connection with the special accounting related to the termination of the PVP A plan, discussed above, a subsequent interim measurement of the Company's U.S. pension and other postretirement plan assets and obligations was completed during the three months ended September 29, 2022. The interim measurement, including the estimated impact of the plan termination liability and enhanced benefits liability noted above, prior to the current period settlement loss and amortization of prior service cost impacts included in Net Periodic Pension Expense above, was recorded to the *Accumulated other comprehensive loss* line item in the Stockholders' Equity section of the Company's Condensed Consolidated Balance Sheet for the period ended September 29, 2022.

***Employer Contributions***

Other than the reversion of excess plan assets noted above, which was accounted for as a negative contribution, the Company's expected contributions for the current year have not significantly changed from those described in the Company's 2022 Form 10-K.

**17. Stock Compensation**

Holdings has established the stockholder-approved Amended and Restated 2014 Omnibus Incentive Plan (the "Omnibus Plan"), to grant cash and equity awards of Holdings' Class A Common Stock, par value \$0.01 per share (the "Common Stock"), to certain individuals. Holdings has established the Long-Term Incentive Plan (the "LTIP") under the Omnibus Plan to grant equity awards to certain employees of the Company.

The Company recognized a net total of \$8.6 and \$10.4 of stock compensation expense for the three months ended September 28, 2023 and September 29, 2022, respectively, and a net total of \$27.8 and \$28.7 of stock compensation expense for the nine months ended September 28, 2023 and September 29, 2022, respectively.

During the nine months ended September 28, 2023, 560,190 time or service-based restricted stock units ("RSUs") were granted with an aggregate date fair values of \$18.8 under the Company's LTIP. Awards vest over a three-year period, beginning on the date of grant. Values for these awards are based on the value of Common Stock on the grant date.

During the nine months ended September 28, 2023, 231,927 performance-based restricted stock units ("PBRs") were granted with an aggregate grant date fair value of \$12.0 under the Company's LTIP. These awards are earned based on Holdings' total shareholder return relative to its peer group over a three-year performance period. Values for these awards are initially measured on the grant date using the estimated payout levels derived from a Monte Carlo valuation model.

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During the nine months ended September 28, 2023, 116,006 PBRsUs were granted with an aggregate grant date fair value of \$4.0 under the Company's LTIP. These awards are earned based on pre-established 2024 - 2025 free cash flow goals. Values for these awards are based on the dividend adjusted value of Common Stock on the grant date.

During the nine months ended September 28, 2023, 116,006 PBRsUs were granted with an aggregate grant date fair value of \$4.0 under the Company's LTIP. These awards are earned based on pre-established goals of revenue growth over a three-year performance period. Values for these awards are based on the dividend adjusted value of Common Stock on the grant date.

During the nine months ended September 28, 2023, 42,065 shares of restricted Common Stock and 39,005 non-employee director restricted stock units ("DRSUs") were granted to the Board of Directors of the Company (the "Board") with an aggregate grant date fair value of \$2.0. Both types of awards vest if the non-employee director remains continuously in service for the entire one-year term to which the grant relates. If the non-employee director incurs a termination for any reason before the end of the term (before the annual meeting of stockholders following the grant), the awards are forfeited. Upon vesting, shares relating to restricted Common Stock awards are delivered to the director free of restriction; however, vested shares of Common Stock underlying DRSUs are not delivered to the director until the date that the director leaves the Board. Values for these awards are based on the value of Common Stock on the grant date.

During the nine months ended September 28, 2023, 466,597 shares of Common Stock with an aggregate grant date value of \$22.5 vested under the Company's LTIP. Additionally, 41,096 shares of Common Stock previously granted to the Board vested with an aggregate grant date fair value of \$1.3, and 22,155 DRSUs previously awarded to the Board vested with an aggregate grant date fair value of \$0.7.

The Company maintains the Spirit AeroSystems Holdings, Inc. Employee Stock Purchase Plan (the "ESPP") which became effective on October 1, 2017 and was amended and restated on October 21, 2022. Under the amended plan, the per-share purchase price for the Company's Common stock purchased under the ESPP is 85% of the lower of (a) the fair market value of a share on the first day of the applicable offering period or (b) the fair market value of a share on the applicable purchase date.

The Company recognized \$0.9 and \$1.5 of stock compensation expense related to the ESPP for the three and nine months ended September 28, 2023. The Company recognized no stock compensation expense related to the ESPP for the three and nine months ended September 29, 2022.

## **18. Income Taxes**

The process for calculating the Company's income tax expense involves estimating actual current taxes due plus assessing temporary differences arising from differing treatment for tax and accounting purposes that are recorded as deferred tax assets and liabilities. Deferred tax assets are periodically evaluated to determine their recoverability and whether a valuation allowance is necessary.

A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized. When determining the amount of net deferred tax assets that are more likely than not to be realized, the Company assesses all available positive and negative evidence. The weight given to the positive and negative evidence is commensurate with the extent the evidence may be objectively verified. As such, it is generally difficult for positive evidence regarding projected future taxable income exclusive of reversing taxable temporary differences to outweigh objective negative evidence of recent financial reporting losses.

Based on these criteria and the relative weighting of both the positive and negative evidence available, and in particular the activity surrounding our prior earnings history, including the forward losses previously recognized in the U.S., the Company has recorded a valuation allowance against U.S. deferred tax assets. Increases in the valuation allowances recorded against U.S. deferred tax assets in the nine months ended September 28, 2023 were \$112.6. This is comprised of (\$0.4) related to other comprehensive income ("OCI") and \$113.0 from continuing operations. As of September 28, 2023, the total net U.S. deferred tax asset before the valuation allowance was \$544.9 and the total net U.S. valuation allowance was \$547.7. The net U.S. deferred tax liability after valuation allowances was \$2.8.

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The Company has determined a valuation allowance on certain U.K. deferred tax assets is needed based upon cumulative losses generated in the U.K. Increases in the valuation allowances recorded against U.K. deferred tax assets in the nine-month period ended September 28, 2023 were \$46.9. This is comprised of \$0.0 related to other comprehensive income (“OCI”) and \$46.9 from continuing operations, including utilization of net operating losses. As of September 28, 2023, the total net U.K. deferred tax asset before the valuation allowance was \$322.1 and the total net U.K. valuation allowance was \$326.2. The net U.K. deferred tax liability after valuation allowance was \$4.1.

The Company files income tax returns in all jurisdictions in which it operates. The Company establishes reserves to provide for additional income taxes that may be due upon audit. These reserves are established based on management’s assessment as to the potential exposure attributable to permanent tax adjustments and associated interest. All tax reserves are analyzed quarterly and adjustments made as events occur that warrant modification.

In general, the Company records income tax expense each quarter based on its estimate as to the full year’s effective tax rate. Certain items, however, are given discrete period treatment and the tax effects for such items are therefore reported in the quarter that an event arises. Events or items that may give rise to discrete recognition include excess tax benefits with respect to share-based compensation, finalizing amounts in income tax returns filed, finalizing audit examinations for open tax years, expiration of statutes of limitations, and changes in tax law.

The (0.16%) effective tax rate for the nine months ended September 28, 2023 differs from the (6.49%) effective tax rate for the same period of 2022 primarily due to changes in the valuation allowances recorded on U.S. and U.K. deferred tax assets, nondeductible interest expense and nondeductible excise tax. As the Company is currently reporting a pre-tax loss for the nine months ended September 28, 2023, an increase in the effective tax rate results in an increase of income tax benefits while a decrease in the rate results in a reduction of income tax benefits.

As allowed by the Coronavirus Aid, Relief, and Economic Security Act, the Company has filed a claim for a pre-tax employee retention credit of \$18.8 for 2020 and \$1.0 for 2021. The outstanding pre-tax employee retention credit refund claim as of September 28, 2023 is \$2.2.

The Company’s federal audit is conducted under the Internal Revenue Service Compliance Assurance Process (“CAP”) program and is essentially complete for the 2020 tax year. The Company will continue to participate in the CAP program for 2021 through 2023. The CAP program’s objective is to resolve issues in a timely, contemporaneous manner and eliminate the need for a lengthy post-filing examination. The Company has an open tax audit in the Kingdom of Morocco for tax years ending prior to the Company’s ownership of the Moroccan legal entity. There are ongoing audits in other jurisdictions that are not material to the financial statements and the Company believes appropriate provisions for all outstanding tax issues have been made for all jurisdictions and years.

On July 11, 2023, the U.K. Finance Bill 2023 Number 2, also known as the Spring Finance Bill 2023, received Royal Assent. This legislation is effective for periods beginning after December 31, 2023 and has no impact on the current financial statements.

## **19. Equity**

### ***Earnings per Share Calculation***

Basic net income per share is computed using the weighted-average number of outstanding shares of Common Stock during the measurement period. Diluted net income per share is computed using the weighted-average number of outstanding shares of Common Stock and, when dilutive, potential outstanding shares of Common Stock during the measurement period. Diluted earnings per share includes any dilutive impact of service-based restricted stock units, director restricted stock units, restricted stock awards, and performance-based restricted stock units.

The Company accounts for treasury stock under the cost method and includes treasury stock as a component of stockholders’ equity. As of September 28, 2023, no treasury shares have been reissued or retired.

The total authorization amount remaining under the current share repurchase program is approximately \$925.0. During the nine-month period ended September 28, 2023, the Company did not repurchase any shares of its Common Stock under this

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share repurchase program. Share repurchases are currently on hold. The Credit Agreement imposes restrictions on the Company's ability to repurchase shares.

The following table sets forth the computation of basic and diluted earnings per share:

	For the Three Months Ended					
	September 28, 2023			September 29, 2022		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
<b>Basic EPS</b>						
Loss available to common stockholders	\$ (204.1)	105.2	\$ (1.94)	\$ (127.6)	104.7	\$ (1.22)
Income allocated to participating securities	—	—	—	—	—	—
Net loss	<u>\$ (204.1)</u>			<u>\$ (127.6)</u>		
Diluted potential common shares		—			—	
<b>Diluted EPS</b>						
Net loss	\$ (204.1)	105.2	\$ (1.94)	\$ (127.6)	104.7	\$ (1.22)

	For the Nine Months Ended					
	September 28, 2023			September 29, 2022		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
<b>Basic EPS</b>						
Loss available to common stockholders	\$ (691.6)	105.1	\$ (6.58)	\$ (302.6)	104.6	\$ (2.89)
Income allocated to participating securities	—	—	—	—	—	—
Net loss	<u>\$ (691.6)</u>			<u>\$ (302.6)</u>		
Diluted potential common shares		—			—	
<b>Diluted EPS</b>						
Net loss	\$ (691.6)	105.1	\$ (6.58)	\$ (302.6)	104.6	\$ (2.89)

Included in the outstanding Common Stock were 0.1 million and 0.4 million of issued but unvested shares at September 28, 2023 and September 29, 2022, respectively, which are excluded from the basic Earnings Per Share ("EPS") calculation.

Shares of Common Stock of 0.6 million and 0.7 million, respectively, were excluded from diluted EPS as a result of incurring a net loss for the three and nine months ended September 28, 2023, as the effect would have been antidilutive. Additionally, diluted EPS for the three and nine months ended September 28, 2023 excludes 0.2 million shares that may be dilutive shares of Common Stock in the future but were not included in the computation of diluted EPS because the effect was either antidilutive or the performance condition was not met.

Shares of Common Stock of 0.5 million and 0.6 million, respectively, were excluded from diluted EPS as a result of incurring a net loss for the three and nine months ended September 29, 2022, as the effect would have been antidilutive. Additionally, diluted EPS for the three and nine months ended September 29, 2022 excludes 0.3 million shares that may be dilutive shares of Common Stock in the future but were not included in the computation of diluted EPS because the effect was either antidilutive or the performance condition was not met.

**Accumulated Other Comprehensive Loss**

Accumulated Other Comprehensive Loss is summarized by component as follows:

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	As of September 28, 2023	As of December 31, 2022
Pension	\$ (44.4)	\$ (95.4)
SERP/Retiree medical	11.2	12.7
Derivatives - foreign currency hedge	(6.2)	(7.1)
Foreign currency impact on long-term intercompany loan	(16.1)	(16.4)
Currency translation adjustment	(94.5)	(97.7)
Total accumulated other comprehensive loss	<u>\$ (150.0)</u>	<u>\$ (203.9)</u>

Amortization or settlement cost recognition of the pension plans' net gain/(loss) reclassified from accumulated other comprehensive loss and realized into costs of sales and selling, general and administrative on the Condensed Consolidated Statements of Operations was \$0.7 and \$0.5 for the three months ended September 28, 2023 and September 29, 2022, respectively and (\$62.7) and \$1.7 for the nine months ended September 28, 2023 and September 29, 2022, respectively.

**20. Commitments, Contingencies and Guarantees*****Litigation***

On February 10, 2020, February 24, 2020, and March 24, 2020, three separate private securities class action lawsuits were filed against the Company in the U.S. District Court for the Northern District of Oklahoma, its former Chief Executive Officer, Tom Gentile III, former Chief Financial Officer, Jose Garcia, and former Controller (principal accounting officer), John Gilson. On April 20, 2020, the Class Actions were consolidated by the court (the "Consolidated Class Action"), and on July 20, 2020, the plaintiffs filed a Consolidated Class Action Complaint which added Shawn Campbell, the Company's former Vice President for the B737NG and B737 MAX program, as a defendant. Allegations in the Consolidated Class Action include (i) violations of Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 promulgated thereunder against the Company and Messrs. Gentile, Garcia, and Gilson, (ii) violations of Section 20(a) of the Exchange Act against the individual defendants, and (iii) violations of Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c) promulgated thereunder against all defendants.

On June 11, 2020, a shareholder derivative lawsuit (the "Derivative Action 1") was filed against the Company (as nominal defendant), all members of the Company's then serving Board of Directors, and Messrs. Garcia and Gilson in the U.S. District Court for the Northern District of Oklahoma. Allegations in the Derivative Action 1 include (i) breach of fiduciary duty, (ii) abuse of control, and (iii) gross mismanagement. On October 5, 2020, a shareholder derivative lawsuit (the "Derivative Action 2" and, together with Derivative Action 1, the "Derivative Actions") was filed against the Company (as nominal defendant), all then serving members of the Company's Board of Directors, and Messrs. Garcia and Gilson in the Eighteenth Judicial District, District Court of Sedgwick County, Kansas. Allegations in the Derivative Action 2 include (i) breach of fiduciary duty, (ii) waste of corporate assets, and (iii) unjust enrichment. The Company and the individual defendants have denied, and continue to deny, the allegations in the Derivative Actions.

The facts underlying the Consolidated Class Action and Derivative Actions relate to the accounting process compliance independent review (the "Accounting Review") discussed in the Company's January 30, 2020 press release and described under *Management's Discussion and Analysis of Financial Condition and Results of Operations - Accounting Review* in Part II, Item 7 of the Annual Report on Form 10-K for the year ended December 31, 2019, and its resulting conclusions. The Company voluntarily reported to the SEC the determination that, with respect to the third quarter of 2019, the Company did not comply with its established accounting processes related to potential third quarter contingent liabilities received after the quarter-end. On March 24, 2020, the Staff of the SEC Enforcement Division informed the Company that it had determined to close its inquiry without recommending any enforcement action against the Company. In addition, the facts underlying the Consolidated Class Action and Derivative Actions relate to the Company's disclosures regarding the B737 MAX grounding and Spirit's production rate (and related matters) after the grounding.

On September 18, 2020, the Company and individual defendants filed a motion to dismiss the Consolidated Class Action. That motion was granted by the U.S. District Court on January 7, 2022, which denied leave to amend and dismissed the Consolidated Class Action with prejudice. On February 4, 2022, the plaintiffs in the Consolidated Class Action appealed this

**Spirit AeroSystems Holdings, Inc.**

**Notes to the Condensed Consolidated Financial Statements (unaudited)**  
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decision to the Tenth Circuit Court of Appeals (the “Appellate Court”). On August 21, 2023, the Appellate Court affirmed the dismissal of the Consolidated Class Action. The Derivative Actions remain stayed at this point.

On May 3, 2023, a private securities class action lawsuit was filed in the U.S. District Court for the Southern District of New York against the Company, its former Chief Executive Officer, Tom Gentile III, and its Senior Vice President and Chief Financial Officer, Mark J. Suchinski. The lawsuit was brought on behalf of certain purchasers of securities of the Company, who allege purported misstatements and omissions concerning alleged faulty production controls and the alleged incorrect installation of fittings on certain B737 MAX planes (the “Securities Class Action”). The specific claims in the Securities Class Action include (i) violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder against all defendants, and (ii) violations of Section 20(a) of the Exchange Act against the individual defendants. Lead plaintiff and counsel in the Securities Class Action were appointed on October 20, 2023. The Company believes that the claims in this lawsuit are without merit and intends to defend against them vigorously.

Spirit is also involved in litigation in the Appellate Court with its former Chief Executive Officer, Larry Lawson over Lawson's disputed violation of a restrictive covenant in his retirement and consulting agreement. On October 19, 2021, the U.S. District Court for the District of Kansas (the “District Court”) ruled in favor of Lawson and awarded him \$44.8 for benefits withheld in connection with the disputed violation, as well as post-judgment interest at the rate of 4.25%. Spirit appealed the judgment to the Appellate Court. On February 27, 2023, the Appellate Court issued an opinion reversing the District Court decision and concluding that Lawson had violated the terms of the restrictive covenant and remanded for the District Court to address whether the restrictive covenant that Lawson violated was enforceable under Kansas law. On June 15, 2023, the District Court held that the restrictive covenant was enforceable as a matter of Kansas law. The District Court entered judgment in favor of Spirit on June 27, 2023. Lawson has appealed the District Court's latest decision, and filed his opening appellate brief before the Appellate Court on October 20, 2023. Spirit will continue to defend its position vigorously on appeal. A liability for the full amount of the award issued on October 19, 2021, plus accrued interest through March 28, 2023, was recognized and remains accrued in the Condensed Consolidated Balance Sheets as of December 31, 2022 and September 28, 2023.

From time to time, in the ordinary course of business and similar to others in the industry, the Company receives requests for information from government agencies in connection with their regulatory or investigational authority. Such requests can include subpoenas or demand letters for documents to assist the government in audits or investigations. The Company reviews such requests and notices and takes appropriate action. Additionally, the Company is subject to federal and state requirements for protection of the environment, including those for disposal of hazardous waste and remediation of contaminated sites. As a result, the Company is required to participate in certain government investigations regarding environmental remediation actions.

In addition to the items addressed above, from time to time, the Company is subject to, and is presently involved in, litigation, legal proceedings, or other claims arising in the ordinary course of business. While the final outcome of these matters cannot be predicted with certainty, considering, among other things, the meritorious legal defenses available, the Company believes that, on a basis of information presently available, none of these items, when finally resolved, will have a material adverse effect on the Company's long-term financial position or liquidity.

***Customer and Vendor Claims***

The Company receives, and is currently subject to, customer and vendor claims arising in the ordinary course of business, including, but not limited to, those related to product quality and late delivery. The Company accrues for matters when losses are deemed probable and reasonably estimable. In evaluating matters for accrual and disclosure purposes, the Company takes into consideration multiple factors including without limitation its historical experience with matters of a similar nature, the specific facts and circumstances asserted, the likelihood of an unfavorable outcome, and the severity of any potential loss. Any accruals deemed necessary are reevaluated at least quarterly and updated as matters progress over time.

The Company has evaluated and refined management's original estimate of costs related to rework on the B787 aircraft, including a preliminary assessment related to rework on the forward section of the fuselage, for which the Company identified an additional fit and finish issue in the prior year. The Company continues to coordinate with Boeing to complete the necessary rework.

**Spirit AeroSystems Holdings, Inc.**

**Notes to the Condensed Consolidated Financial Statements (unaudited)**  
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As described in Note 27 *Subsequent Events*, on October 12, 2023, the Company entered into a Memorandum of Agreement (the “MOA”) with Boeing. Among other things, the MOA includes a broad release of liability and claims through October 12, 2023, by both parties relating to Boeing’s Commercial Airplanes division and its airplane programs under the General Terms Agreement for the B787 program and the General Terms Agreement for the B737, B747, B767, and B777 programs.

***Contingencies***

As described in Note 27 *Subsequent Events*, on October 12, 2023, the Company entered into the MOA with Boeing. Among other things, the MOA establishes certain recurring shipset price increases for the B787, and as a result the Company will reverse certain liabilities, including a certain amount of forward losses and material right obligation related to the B787 program in the fourth quarter of 2023.

In the third quarter of 2023, the Company updated its estimated cost to satisfy all customer firm orders on the A350 and A220 production programs. Based on forecasted backlog and rates of production, each of these programs anticipates production will extend beyond the period of time for which the Company has recorded forward losses. The Company has recorded forward losses for forecasted production on the A220 and A350 programs through the end of 2025. The Company is in active negotiations with its A220 and A350 customer, regarding, among other things, elements of price. Management has evaluated the probability that the unexercised options to complete the performance obligations for periods beyond the period of time for which it has recorded forward losses is not currently probable. While the Company does not currently believe incremental losses are evident on these programs, if negotiations with its customer do not achieve a result which eliminates or reduces the potential for incremental losses, or other strategic alternatives are abandoned, the Company believes it is reasonably possible it would record cumulative incremental losses across these programs between \$0.0 and \$255.0 million.

On April 12, 2023, the Company issued a notice of escapement to Boeing related to the quality issue on the B737 Vertical Fin Attach Fittings. The remediation of the quality issue requires the Company to rework B737 units within its production system and reimburse Boeing for repairs on previously delivered units in their factory and warranty costs related to units in service. As of June 29, 2023, the Company had completed the required rework on available units located at its factory in Wichita, KS. The impact to production costs is reflected within the reported total gross margins and did not materially change from the preliminary cost estimate of approximately \$31.0 estimated as of March 31, 2023. Based upon informal communications to date with our customer, we believe Boeing has completed the required rework on approximately half of the affected units within its factory. The Company has not received a claim from Boeing for rework completed to date. However, the Company has made an estimate of the cost to Boeing for the units repaired to date of \$23.0 for the period ended June 29, 2023. This amount is recorded as contra revenue. As described in Note 27 *Subsequent Events*, on October 12, 2023, the Company entered into the MOA with Boeing. Among other things, the MOA includes a broad release of liability and claims through October 12, 2023, by both parties relating to Boeing’s Commercial Airplanes division and its airplane programs under the General Terms Agreement for the B787 program and the General Terms Agreement for the B737, B747, B767, and B777 programs. As a result, the Company will reverse the \$23.0 contra revenue adjustment recorded in the three months ended June 29, 2023 during the three months ending December 31, 2023.

***Guarantees***

Contingent liabilities in the form of letters of guarantee have been provided by the Company. Outstanding guarantees were \$22.8 and \$13.9 at September 28, 2023 and December 31, 2022, respectively.

***Restricted Cash - Collateral Requirements***

The Company was required to maintain \$22.2 and \$19.6 of restricted cash as of September 28, 2023 and December 31, 2022, respectively, related to certain collateral requirements for obligations under its workers’ compensation programs. Restricted cash is included in *Other assets* in the Company’s Condensed Consolidated Balance Sheets.

**Spirit AeroSystems Holdings, Inc.****Notes to the Condensed Consolidated Financial Statements (unaudited)  
(U.S. Dollars in millions other than per share amounts)*****Indemnification***

The Company has entered into customary indemnification agreements with its directors, and its bylaws and certain executive employment agreements include indemnification and advancement provisions. Pursuant to the terms of the bylaws and, with respect to Jose Garcia, his employment agreement, the Company is providing Messrs. Garcia and Gilson and all other individual defendants with defense costs and provisional indemnity with respect to the Consolidated Class Action and Derivative Actions, as well as for Mr. Gentile with regard to the Securities Class Action, as appropriate. Under the bylaws and any applicable agreements, the Company agrees to indemnify each of these individuals against claims arising out of events or occurrences related to that individual's service as the Company's agent or the agent of any of its subsidiaries to the fullest extent legally permitted.

The Company has agreed to indemnify parties for specified liabilities incurred, or that may be incurred, in connection with transactions they have entered into with the Company. The Company is unable to assess the potential number of future claims that may be asserted under these indemnities, nor the amounts thereof (if any). As a result, the Company cannot estimate the maximum potential amount of future payments under these indemnities and therefore, no liability has been recorded.

***Service and Product Warranties and Extraordinary Rework***

Provisions for estimated expenses related to service and product warranties and certain extraordinary rework are evaluated on a quarterly basis. These costs are accrued and are recorded to unallocated cost of goods sold. These estimates are established using historical information on the nature, frequency, and average cost of warranty claims, including the experience of industry peers. In the case of new development products or new customers, the Company considers other factors including the experience of other entities in the same business and management judgment, among others. Service warranty and extraordinary work is reported in current liabilities and other liabilities on the Company's Condensed Consolidated Balance Sheets.

The warranty balance presented in the table below includes unresolved warranty claims that are in dispute in regard to their value as well as their contractual liability. The Company estimated the total costs related to some of these claims; however, there is significant uncertainty surrounding the disposition of these disputed claims and as such, the ultimate determination of the provision's adequacy requires significant management judgment. The amount of the specific provisions recorded against disputed warranty claims was \$2.3 as of September 28, 2023 and December 31, 2022. These specific provisions represent the Company's best estimate of probable warranty claims. Should the Company incur higher than expected warranty costs and/or discover new or additional information related to these warranty provisions, the Company may incur additional charges that exceed these recorded provisions. The Company utilized available information to make appropriate assessments, however the Company recognizes that data on actual claims experience is of limited duration and therefore, claims projections are subject to significant judgment. The amount of the reasonably possible disputed warranty claims in excess of the specific warranty provision was \$3.4 as of September 28, 2023 and December 31, 2022.

The following is a roll forward of the service warranty and extraordinary rework balance at September 28, 2023:

Balance, December 31, 2022	\$	74.9
Charges (release) to costs and expenses		0.1
Payouts		(2.2)
Exchange rate		(0.2)
Balance, September 28, 2023	\$	<u>72.6</u>



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**21. Other Income (Expense), Net**

Other income (expense), net is summarized as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
Kansas Development Finance Authority bond	\$ 0.7	\$ 0.5	\$ 2.1	\$ 1.8
Interest income	2.4	2.3	8.0	3.5
Foreign currency (losses) gains <sup>(1)</sup>	12.9	13.4	(0.4)	40.6
(Loss) gain on foreign currency forward contract	3.8	(6.5)	1.7	(10.5)
Loss on sale of accounts receivable	(13.2)	(6.0)	(36.5)	(12.8)
Pension (expense) income <sup>(2)</sup>	1.7	(56.4)	(59.0)	(15.1)
Excise tax on pension assets reversion <sup>(3)</sup>	—	—	(35.9)	(6.8)
Gain on settlement of financial instrument <sup>(4)</sup>	—	—	—	20.7
Other <sup>(5)</sup>	(1.0)	10.6	—	8.8
<b>Total</b>	<b>\$ 7.3</b>	<b>\$ (42.1)</b>	<b>\$ (120.0)</b>	<b>\$ 30.2</b>

(1) Foreign currency gains and losses are due to the impact of movement in foreign currency exchange rates on long-term contractual rights/obligations, as well as cash and both trade and intercompany receivables/payables that are denominated in a currency other than the entity's functional currency.

(2) See Note 16 *Pension and Other Post-Retirement Benefits*. Pension expense for the nine months ended September 28, 2023 includes a \$64.6 non-cash, pre-tax non-operating settlement charge related to the PVP A termination. Pension expense for the three and nine months ended September 29, 2022 includes a \$71.7 non-cash, pre-tax non-operating charge for amortization of prior service costs.

(3) Excise tax related to the reversion of excess plan assets for the nine months ended September 28, 2023 and the nine months ended September 29, 2022. See Note 16 *Pension and Other Post-Retirement Benefits*.

(4) The nine-month period ended September 29, 2022 include a \$20.7 gain related to a deed of release and related cash payment that fully settled the existing repayable investment agreement between the Company and the U.K.'s Department for Business, Energy and Industrial Strategy. The repayable investment obligation, which was denominated in GBP, was included on the Company's Condensed Consolidated Balance Sheet as of December 31, 2021, as \$41.7 recorded to the *Other current liabilities* line item and \$301.9 recorded to the *Other non-current liabilities* line item. In January 2022, the Company made repayments of \$25.6 to the UK's Department for Business Energy and Industrial Strategy for units sold, including interest, in respect to the agreement. In April 2022, the deed of release settled the remaining outstanding repayment obligation, including current year interest accrual and foreign currency measurement impacts, in exchange for a payment of \$292.8. The portion of the payments related to interest expense and the portion of the payments related to principal repayment are included in net cash used in operating activities and net cash used in financing activities, respectively, on the Company's Condensed Consolidated Statement of Cash Flows for the period ended September 29, 2022.

(5) The three and nine months ended September 29, 2022 include a gain of \$10.0 related to the termination of a previously existing joint venture agreement within the period.

**22. Other Liabilities**

Included on the Company's Condensed Consolidated Balance Sheet for the nine months ended September 28, 2023 is a liability related to the customer financing of \$180.0 from Boeing received in the nine months ended September 28, 2023. Per the original terms of the agreement, \$90.0 of the advance was to be repaid in the first quarter of 2024 and the other \$90.0 of the advance was to be repaid in 2025. Given those terms, \$90.0 of the advance is included in the Other current liabilities line item and the additional \$90.0 is included in the *Other non-current liabilities* line item as of September 28, 2023. Per the terms of the MOA signed with Boeing on October 12, 2023 (see Note 27 *Subsequent Events*), the repayment dates have been amended to delay the payments such that \$90.0 is payable in December 2025 and the remaining \$90.0 is payable in equal \$45.0 installments in December 2026 and 2027.

**Spirit AeroSystems Holdings, Inc.****Notes to the Condensed Consolidated Financial Statements (unaudited)  
(U.S. Dollars in millions other than per share amounts)****23. Segment Information**

The Company operates in three principal segments: Commercial, Defense & Space and Aftermarket. Approximately 81% and 82% of the Company's net revenues for the three and nine months ended September 28, 2023 came from the Company's two largest customers, Boeing and Airbus. Boeing represents a substantial portion of the Company's revenues across segments. Airbus represents a substantial portion of revenues in the Commercial segment. The Company's primary profitability measure to review a segment's operating performance is segment operating income before corporate selling, general and administrative expenses and research and development.

Corporate selling, general and administrative expenses include centralized functions such as accounting, treasury and human resources that are not specifically related to the Company's operating segments and are not allocated in measuring the operating segments' profitability and performance and net profit margins. Research and development includes research and development efforts that benefit the Company as a whole and are not unique to a specific segment. These items are not specifically related to the Company's operating segments and are not utilized in measuring the operating segments' profitability and performance.

The Company's Commercial segment includes design and manufacturing of forward, mid, and rear fuselage sections and systems, struts/pylons, nacelles (including thrust reversers) and related engine structural components, wings, and wing components (including flight control surfaces), as well as other miscellaneous structural parts for large commercial aircraft and/or business/regional jets. Sales from this segment are primarily to the aircraft OEMs or engine OEMs of large commercial aircraft and/or business/regional jet programs. Approximately 69% and 65% of Commercial segment net revenues came from the Company's contracts with Boeing for the nine months ended September 28, 2023, and September 29, 2022, respectively. Approximately 24% and 27% of Commercial segment net revenues came from the Company's contracts with Airbus for the nine months ended September 28, 2023, and September 29, 2022, respectively. The Commercial segment manufactures products at the Company's facilities in Wichita, Kansas; Tulsa, Oklahoma; Kinston, North Carolina; Prestwick, Scotland; Casablanca, Morocco; Belfast, Northern Ireland; and Subang, Malaysia. The Commercial segment also includes an assembly plant for the A350 XWB aircraft in Saint-Nazaire, France.

The Company's Defense & Space segment includes design and manufacturing of fuselage, strut, nacelle, and wing aerostructures (primarily) for U.S. Government defense programs, including Boeing P-8, C40, and KC-46 Tanker, which are commercial aircraft that are modified for military use. The segment also includes fabrication, bonding, assembly, testing tooling, processing, engineering analysis, and training on fixed wing aircraft aerostructures, missiles and hypersonics work, including solid rocket motor throats and nozzles and re-entry vehicle thermal protections systems, forward cockpit and cabin, and fuselage work on rotorcraft aerostructures. Sales from this segment are primarily to the prime contractors on various U.S. Government defense program contracts for which the Company is a sub-contractor. A significant portion of the Company's Defense & Space segment revenues are represented by defense business that is classified by the U.S. Government and cannot be specifically described. A significant portion of Defense & Space segment net revenues came from the Company's contracts with two individual customers for the nine months ended September 28, 2023, and September 29, 2022. The Defense & Space segment manufactures products at the Company's facilities in Wichita, KS; Tulsa, OK; Biddeford, ME; Woonsocket, RI; Belfast, Northern Ireland; and Prestwick, Scotland.

The Company's Aftermarket segment includes design, manufacturing, and marketing of spare parts and maintenance, repair, and overhaul ("MRO") services, repairs for flight control surfaces and nacelles, radome repairs, rotatable assets, engineering services, advanced composite repair, and other repair and overhaul services. Approximately 47% and 47% of Aftermarket segment net revenues came from the Company's contracts with a single customer for the nine months ended September 28, 2023, and September 29, 2022, respectively. The Aftermarket segment manufactures products at the Company's facilities in Wichita, KS; Tulsa, OK; Kinston, North Carolina; Dallas, TX; Prestwick, Scotland; Casablanca, Morocco; and Belfast, Northern Ireland.

The Company's segments are consistent with the organization and responsibilities of management reporting to the chief operating decision-maker for the purpose of assessing performance. The Company's definition of segment operating income differs from Operating income as presented in its primary financial statements and a reconciliation of the segment and consolidated results is provided in the table set forth below.

While some working capital accounts are maintained on a segment basis, much of the Company's assets are not managed or maintained on a segment basis. Property, plant, and equipment, including tooling, is used in the design and production of

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**Notes to the Condensed Consolidated Financial Statements (unaudited)**  
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products for each of the segments and, therefore, is not allocated to any individual segment. In addition, cash, prepaid expenses, other assets, and deferred taxes are managed and maintained on a consolidated basis and generally do not pertain to any particular segment. Raw materials and certain component parts are used in aerospace production across all segments. Work-in-process inventory is identifiable by segment but is managed and evaluated at the program level. As there is no segmentation of the Company's productive assets, depreciation expense (included in fixed manufacturing costs and selling, general and administrative expenses) and capital expenditures, no allocation of these amounts has been made solely for purposes of segment disclosure requirements.

The following table shows segment revenues and operating income (loss) for the nine months ended September 28, 2023 and September 29, 2022:

	Three Months Ended		Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
<b>Segment Revenues</b>				
Commercial	\$ 1,136.4	\$ 1,034.9	\$ 3,367.9	\$ 3,004.4
Defense & Space	205.7	161.7	583.7	466.6
Aftermarket	96.8	80.3	283.4	238.5
	<u>\$ 1,438.9</u>	<u>\$ 1,276.9</u>	<u>\$ 4,235.0</u>	<u>\$ 3,709.5</u>
<b>Segment Operating Income (Loss)</b>				
Commercial <sup>(1)</sup>	\$ (82.1)	\$ 45.0	\$ (200.5)	\$ (3.5)
Defense & Space <sup>(2)</sup>	9.8	18.4	41.0	52.1
Aftermarket <sup>(3)</sup>	17.9	19.5	61.4	49.3
	<u>\$ (54.4)</u>	<u>\$ 82.9</u>	<u>\$ (98.1)</u>	<u>\$ 97.9</u>
SG&A	(69.2)	(69.1)	(217.2)	(203.8)
Research and development	(10.1)	(9.3)	(33.9)	(36.5)
<b>Total operating loss</b>	<u>\$ (133.7)</u>	<u>\$ 4.5</u>	<u>\$ (349.2)</u>	<u>\$ (142.4)</u>

(1) The three and nine months ended September 28, 2023 include excess capacity production costs of \$54.3 and \$147.0, respectively, related to the temporary B737 MAX, A320 and A220 production schedule changes, costs of \$0.8 and \$7.9, respectively, related to temporary production pause, and \$0.0 and \$6.3, respectively, of restructuring costs. The nine months ended September 29, 2022 includes the impact of \$23.9 of the total charge in relation to the suspension of activities in Russia as described in *Management's Discussion and Analysis of Financial Condition and Results of Operations - Global Economic Conditions and COVID-19*. The three and nine months ended September 29, 2022 include \$29.9 and \$119.8, respectively, of excess capacity costs related to the temporary B737 MAX, A320 and A220 production schedule changes, abnormal costs of \$0.3 and \$9.8, respectively, of temporary workforce adjustment costs as a result of the COVID-19 pandemic, net of U.S. employee retention credit and U.K. government subsidies, and net \$0.0 and (\$25.5), respectively, of restructuring costs and other costs, including partial offset related to the Aviation Manufacturing Jobs Protection ("AMJP") Program.

(2) The three and nine months ended September 28, 2023 include excess capacity production costs of \$2.1 and \$5.9 related to the temporary B737 production schedule changes, costs of \$0.0 and \$0.2, respectively, related to temporary production pause, and \$0.0 and \$0.9, respectively, of restructuring costs. The three and nine months ended September 29, 2022 include excess capacity costs of \$1.5 and \$6.3, respectively, related to temporary B737 production schedule changes, and \$0.0 and (\$2.3), respectively, of restructuring costs and partial offset related to AMJP.

(3) The three and nine months ended September 28, 2023 include \$0.0 and \$0.0, respectively, of restructuring costs and \$0.0 and (\$2.4), respectively, of benefit related to the settlement of a contingent consideration obligation related to the Applied Aerodynamics acquisition. The nine months ended September 29, 2022 includes \$4.2 of the total charge in relation to the suspension of activities in Russia as described in *Management's Discussion and Analysis of Financial Condition and Results of Operations - Global Economic Conditions and COVID-19*. The three and nine months ended September 29, 2022 include \$0.0 and (\$1.9), respectively, of partial offset related to AMJP.

#### 24. Restructuring Costs

The Company's results of operations for the nine months ended September 28, 2023 include restructuring costs related to the Voluntary Separation Program ("VSP") that was offered to reduce structural costs by reducing indirect headcount. Participants in the VSP received a lump sum severance payment based on their years of Company service.

Restructuring costs are presented separately as a component of operating loss on the Condensed Consolidated Statements of Operations. The total restructuring costs for the three and nine months ended September 28, 2023 were \$0.0 and \$7.2,

**Spirit AeroSystems Holdings, Inc.**

**Notes to the Condensed Consolidated Financial Statements (unaudited)**  
**(U.S. Dollars in millions other than per share amounts)**

respectively, of which, \$6.3 was included in segment operating margins for the Commercial Segment and \$0.9 was included in segment operating margins for the Defense & Space Segment.

The Company's results of operations for the nine months ended September 29, 2022 includes restructuring costs related to actions the Company has taken to align costs to updated production levels that have been directed by the Company's customers (restructuring activity). Largely beginning in the first quarter of 2020, the Company's customers, including Boeing and Airbus, significantly reduced their overall production rates as a result of the COVID-19 pandemic and, in the case of Boeing, the B737 MAX grounding. The restructuring activity materially affected the scope of operations and manner in which business is conducted by the Company compared to periods prior to the restructuring activities.

The total restructuring costs for the three and nine months ended September 29, 2022 were \$0.0 and \$0.2, respectively, and are included in segment operating margins for the Commercial Segment.

**25. Supplier Financing**

The Company has provided certain suppliers with access to a supply chain financing program through a facility with a third-party financing institution. The Company's suppliers' ability to access the program is primarily dependent upon the strength of the Company's financial condition and certain qualifying criteria. This program was primarily entered into as a result of the Company seeking payment term extensions with production suppliers, and the program allows these suppliers to monetize their receivables prior to the contractual payment date, subject to payment of a discount. The capacity of the program is limited to \$97.0 at any point in time. If a supplier's request exceeds the program limit, then it will be honored when capacity is available. Under the supply chain financing program, the Company agrees to pay the third-party financing institution the stated amount of confirmed invoices from its designated suppliers on the original maturity dates of the invoices, and suppliers have the ability to be paid from the third-party financing institution on an accelerated basis. The Company's suppliers' election to sell one or more of the Company's confirmed obligations under the supply chain financing program is optional. The Company's responsibility is limited to making payment on the terms originally negotiated with its suppliers for up to 120 days, regardless of whether the suppliers elect to sell their receivables to the third-party financing institution. The Company or the third-party financing institution may terminate the agreement upon at least 45 days' notice.

The balance of confirmed obligations outstanding to suppliers who elect to participate in the supply chain financing program is included in the Company's accounts payable balance on the Company's Condensed Consolidated Balance Sheets. As of September 28, 2023, the balance of confirmed obligations outstanding was \$112.7, an increase of \$10.7 over the balance as of December 31, 2022 of \$102.0. In the comparable prior year period, confirmed obligations outstanding were \$103.5 as of September 29, 2022, an increase of \$44.6 over the balance as of December 31, 2021. The changes in each period primarily reflect purchases from suppliers related to production levels during the respective periods.

**Spirit AeroSystems Holdings, Inc.**

**Notes to the Condensed Consolidated Financial Statements (unaudited)**  
**(U.S. Dollars in millions other than per share amounts)**

**26. Acquisitions**

**T.E.A.M., Inc.**

On November 23, 2022, Spirit AeroSystems Textiles, LLC, a fully owned subsidiary of Spirit AeroSystems, Inc. (“Spirit Textiles”) closed its purchase of substantially all of the assets and all of the liabilities of T.E.A.M., Inc., a Rhode Island corporation, which is engaged in the business of manufacturing and engineering textiles, composites, and textile and composite products, for cash consideration of \$31.3. The acquisition was accounted for as a business combination in accordance with ASC Topic 805, *Business Combinations*. The purchase price has been allocated among assets acquired and liabilities assumed at fair value based on information currently available, with the excess purchase price recorded as goodwill, which is fully allocated to the Defense & Space segment. As of December 31, 2022, the Company had preliminarily concluded, but not finalized, its assessment and purchase price allocation of the acquisition. The final fair value determination was subject to a contractual post-closing working capital true-up, which the Company concluded in the three months ended March 30, 2023. The final purchase price allocation resulted in \$0.6 adjustments to the assets acquired and the liabilities assumed that were recorded as of the acquisition date, which were included in the Condensed Consolidated Balance Sheet as of December 31, 2022. The adjusted assets acquired and the liabilities assumed included \$8.3 of property, plant, and equipment, \$1.7 of working capital, \$13.5 of intangible assets and \$7.7 allocated to goodwill, which is expected to be deductible for tax purposes. Operating income for the third quarter of 2023 was immaterial and reported within the Defense & Space segment.

There were no acquisition-related expenses for the nine months ended September 28, 2023. Acquisition-related expenses were \$0.5 and \$0.6 for the for the three and nine months ended September 29, 2022, respectively.

**27. Subsequent Events**

On October 12, 2023, Spirit and The Boeing Company executed the MOA to support production stability. The MOA establishes recurring shipset price increases for the B787 program effective for LN 1164 through LN 1605, recurring shipset price adjustments on the B737 program effective from the first delivery in 2026 through June 2033, releases of liabilities and claims through the effective date of the MOA by both parties relating to Boeing’s Commercial Airplanes division and its airplane programs under the General Terms Agreement for the B787 program and the General Terms Agreement for the B737, B747, B767 and B777 programs unless explicitly excluded within the MOA, Boeing provided funding for tooling and capital through 2025 for certain planned and potential B737 and B787 rate increases, amendment of repayment dates for outstanding customer financing, and changes to terms governing assignments. Regarding the tooling and capital funding, approximately \$100.7 was received during the fourth quarter of 2023.

As a result of the MOA, which was executed in the fourth quarter, we expect to reverse liabilities, including previously recorded forward losses and material right obligation on the B787 program of between approximately \$350.0 to \$370.0 in the fourth quarter of 2023 which represents a preliminary estimate which could be subject to change based on certain performance during the fourth quarter. Regarding the \$180.0 of advances received as customer financing in the quarter ended June 29, 2023, per the terms of the MOA, the repayment dates were amended. The amended repayment dates require repayment of \$90.0 in December 2025 and equal payments of \$45.0 in December 2026 and 2027. Additionally and separate from the range above, related to the release of claims, we will be reversing liabilities for certain claims received and other anticipated claims on our balance sheet in the fourth quarter of 2023 including the \$23.0 of anticipated claims related to the Boeing 737 Vertical Fin Attach Fittings previously disclosed.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Unless the context otherwise indicates or requires, as used in this Quarterly Report on Form 10-Q (this "Quarterly Report"), references to "we," "us," "our," and the "Company" refer to Spirit AeroSystems Holdings, Inc. and its consolidated subsidiaries. References to "Spirit" refer only to our subsidiary, Spirit AeroSystems, Inc., and references to "Holdings" refer only to Spirit AeroSystems Holdings, Inc.

### **International Association of Machinists and Aerospace Workers Contract Actions**

As noted in our 2022 Form 10-K, as of December 31, 2022, approximately 55% of our U.S. employees were represented by the International Association of Machinists and Aerospace Workers ("IAM") pursuant to an agreement with a then-existing expiration date of June 24, 2023. Active negotiations between the Company and the IAM Bargaining Committee began on May 1, 2023 and continued until IAM represented employees voted on the contract offer on June 21, 2023. The result of the vote was to reject the Company's offer and to strike. In response, the Company suspended its Wichita operations impacted by IAM employees on June 22, 2023. IAM represented employees began to strike following the expiration of the contract on June 24, 2023. The Company and IAM representatives, with the assistance of a mediator from the Federal Mediation and Conciliation Service, engaged in further negotiations beginning on June 25, 2023. The result of this negotiation was a revised four-year contract offer, which was ratified by IAM represented employees on June 29, 2023. The Company began restoring operations on June 30, 2023, and fully resumed operations as the IAM workforce returned to work on July 5, 2023.

Following the vote to strike on June 22, 2023, the Company quickly implemented strategies to minimize, defer or eliminate discretionary spend, in the near term.

The IAM negotiations impacted all programs at the Wichita, Kansas site, including the B737 program. Based on current estimates of future production rates, Spirit's labor costs will be higher than the previous IAM contract by approximately \$80.0 million annually. Financial impacts through the third quarter of 2023 include strike disruption charges of \$8.1 million recorded to other operating expense on the Consolidated Statements of Operations.

### **Global Economic Conditions and COVID-19**

Global economic conditions impact our results of operations. Our business operations depend on, among other things, sufficient OEM orders (without suspension) from airlines and the financial resources of airlines, our suppliers, other companies, and individuals.

The continued fragility of the global aerospace supply chain may lead to interruptions in deliveries of or increased prices for components or raw materials used in our products, labor disruptions, and could delay production and/or materially adversely affect our business. Energy, freight, raw material, and other costs have been impacted by, and may continue to be impacted by, the war in Ukraine and the war in the Middle East. Prolonged global inflationary pressures have also impacted these costs in addition to increased interest costs and labor costs. In certain situations, we have the ability to recover certain abnormal inflationary impacts through contractual agreements with our customers; however, we anticipate that we will experience reduced levels of profitability related to inflationary impacts until such time as the rate of inflation subsides to normal historical levels. Our associated estimates of such costs, where applicable, use the most recent information available. The economic impact of inflation, together with the impact of increases in interest rates and actions taken to attempt to reduce inflation, may have a significant effect on the global economy, air travel, our supply chain, and our customers, and, as a result, on our business.

In addition, Russia's invasion of Ukraine, the resultant sanctions and other measures imposed by the U.S. and other governments, and other related impacts have resulted in economic and political uncertainty and risks. In response to the Russian invasion of Ukraine, and the associated U.S. sanctions, the Company suspended all sanctioned activities relating to Russia, primarily consisting of sales and service activities. In the twelve months ended December 31, 2022, we recorded an aggregate pre-tax loss of \$29.1 million related to adjustments of certain assets and liabilities associated with sanctioned Russian business activities. The charges are included on the Consolidated Statements of Operations for the twelve months ended December 31, 2022. The suspended activities' impacts to prospective revenues, net income, net assets, cash flow from operations, and the Company's Consolidated Financial Position are not material. Continuation or significant expansion of economic disruption or escalation of the conflict, or other geopolitical events of a similar nature, including the war in the Middle East, could have a material adverse effect on orders from our customers, the public's ability or willingness to continue to travel, and/or our results of operations.

The lingering and secondary effects of the COVID-19 pandemic continue to have a significant negative impact on the aviation industry, our customers, and our business globally. Due to the uncertain nature of current conditions around the world,

and the capability of conditions to evolve rapidly, we are unable to predict accurately the impact that COVID-19 or similar events will have on our business going forward.

We expect that our operating environment will continue to remain dynamic and evolve through 2023. We continue to monitor and evaluate related risks and uncertainties relating to macroeconomic conditions and the COVID-19 pandemic, including the items discussed in Item 1A. “Risk Factors” in our 2022 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 17, 2023 (the “2022 Form 10-K”).

### **B737 Program**

The B737 MAX program is a critical program to the Company. For the twelve months ended December 31, 2022, 2021, and 2020 approximately 45%, 35%, and 19% of our net revenues, respectively, were generated from sales of components to Boeing for the B737 aircraft, as compared to 53% for the twelve months ended December 31, 2019, which was the most recent period to exclude impacts from the B737 MAX grounding and the COVID-19 pandemic. While we have entered into long-term supply agreements with Boeing to continue to provide components for the B737 for the life of the aircraft program, including commercial and military P-8 derivatives, Boeing does not have any obligation to purchase components from us for any replacement for the B737 that is not a commercial derivative model as defined by the Special Business Provisions and the General Terms Agreement (collectively, the “Sustaining Agreement”) between Spirit and Boeing. The Sustaining Agreement is a requirements contract and Boeing can reduce the purchase volume at any time.

In March 2019, the B737 MAX fleet was grounded in the U.S. and internationally following the 2018 and 2019 accidents involving two B737 MAX aircraft. In November 2020, the FAA issued an order rescinding the grounding of the B737 MAX and published an Airworthiness Directive specifying design changes to be made before the aircraft returned to service. Boeing’s deliveries of the B737 MAX resumed in the fourth quarter of 2020. Since November 2020, regulators from Brazil, Canada, the EU, U.K., India, and other countries have taken similar actions to unground the B737 MAX and permit return to service. Additionally, the Civil Aviation Administration of China released a report on April 14, 2023 which conveys the message that the B737 MAX has been reviewed and deliveries to carriers of new B737 MAX airplanes could resume. As of the end of September 2023, approximately 90% of China’s B737 MAX fleet spread amongst twelve Chinese carriers have resumed passenger flights.

At this time, domestic air travel demand is near 2019 levels and we expect international air travel demand to approach 2019 levels in the near future. As a result, we expect that the B737 MAX and other narrowbody production rates will recover to pre-pandemic levels before widebody production rates. We expect that air travel demand will continue to improve from 2022 levels. For additional information, see Item 1A, “Risk Factors” in the 2022 Form 10-K.

The B737 MAX 7 and MAX 10 models are currently going through Federal Aviation Administration (“FAA”) certification activities. In December 2022, an extension for certification of these two models to December 31, 2024 was granted when the U.S. Congress passed the Fiscal Year 2023 Omnibus Appropriations Bill. If Boeing is unable to achieve certification of these models or the entry into service is inconsistent with current assumptions, future revenues, earnings, and cash flows are likely to be adversely impacted.

On April 12, 2023, we issued a notice of escapement to Boeing related to the quality issue on the B737 Vertical Fin Attach Fittings. The remediation of the quality issue requires us to rework B737 units within our production system and reimburse Boeing for repairs on previously delivered units in their factory and warranty costs related to units in service. As of June 29, 2023, we have completed the required rework on available units located at our factory in Wichita, KS. The impact to production costs is reflected within the reported total gross margins and did not materially change from the preliminary cost estimate of approximately \$31.0 million estimated as of March 31, 2023. Based upon informal communications to date with our customer, we believe Boeing has completed the required rework on approximately half of the affected units within its factory. We have not received a claim from Boeing for rework completed to date. However, we have made an estimate of the cost to reimburse Boeing for the units repaired to date of \$23.0 million for the period ended June 29, 2023. This amount is recorded as contra revenue. As mentioned in Note 27 *Subsequent Events* to our condensed consolidated financial statements included in Part I of this Quarterly Report, on October 12, 2023, we entered into a Memorandum of Agreement (the “MOA”) with Boeing. Among other things, the MOA includes a broad release of liability and claims through October 12, 2023, by both parties relating to Boeing’s Commercial Airplanes division and its airplane programs under the General Terms Agreement for the B787 program and the General Terms Agreement for the B737, B747, B767, and B777 programs. As a result, we will reverse the \$23.0 million of contra revenue adjustment recorded in the three months ended June 29, 2023 in the three months ending December 31, 2023.

## **B787 Program**

In the year ended December 31, 2020, production rate decreases from our customer on the B787 program resulted in incremental forward loss charges of \$192.5 million. During the year ended December 31, 2021, the combination of further production rate decreases from our customer and estimated costs of rework and engineering changes resulted in incremental forward loss charges of \$153.5 million. During the year ended December 31, 2022, our estimates for further production rate decreases and build schedule changes, supply chain costs, and other costs, including costs of rework, drove additional forward loss charges of \$93.5 million. For the nine months ended September 28, 2023, our updated estimates drove an additional \$93.0 million of forward loss primarily related to the impact of the IAM agreement, additional labor and supply chain cost growth. As mentioned in Note 27 *Subsequent Events* to our condensed consolidated financial statements included in Part I of this Quarterly Report, on October 12, 2023, we entered into the MOA with Boeing. Among other things, this MOA establishes certain recurring shipset price increases for the B787, and as a result we will reverse certain liabilities, including a certain amount of forward losses and material right obligation related to the B787 program in the three months ending December 31, 2023. Additional production rate changes, changes in cost assessments, claims, labor work stoppages, supply chain cost changes, or changes to the scope of quality issues and any associated rework, could result in an incremental loss provision.

## **Airbus Programs**

In the year ended December 31, 2020, the A350 program recorded forward loss charges of \$147.9 million associated with customer driven production rate changes. During the year ended December 31, 2021, the A350 program recorded forward loss charges of \$55.2 million related to customer driven production rate changes and quality-related costs. The A350 program recorded additional forward loss charges of \$105.7 million for the year ended December 31, 2022 related to estimated quality-related costs, non-recurring engineering and tooling costs, and additional labor, freight, and other cost requirements driven by parts shortages, production and quality issues, and customer production rate changes. For the nine months ended September 28, 2023, our updated estimates drove a \$65.0 million incremental estimated forward loss on the A350 program, driven by the impact of schedule changes and other supply chain cost growth.

The A220 wing program recorded additional forward losses of \$25 million for the year ended December 31, 2022, primarily related to the bankruptcy of a supplier and associated failure of the supplier to deliver key parts on the program. For the nine months ended September 28, 2023, our updated estimates drove a \$108.3 million incremental estimated forward loss on the A220 wing program, driven by estimated supply chain costs including certain non-recurring cost estimates, schedule changes, and foreign exchange headwinds.

## **Critical Accounting Estimates**

### ***Goodwill***

Goodwill is assessed for impairment annually on the first day of the fourth quarter, or whenever events or circumstances indicate that it is more likely than not that the estimated fair value of a reporting unit is below its carrying value.

For the year ended December 31, 2022, in accordance with our annual assessment policy, we opted to bypass the qualitative assessment and performed a quantitative assessment to test goodwill for impairment.

As part of our impairment assessment, we utilized a third-party to assist us with estimating the fair value of each of our respective reporting units under both the income approach and the market approach with equal weighing applied to the results of each approach. These approaches require making assumptions regarding long-term growth rates, revenue and earnings projections, estimation of cash flows, discount rates, and market and company-specific factors.

The results of our annual assessment indicated that the fair value substantially exceeded the carrying value for each reporting unit, and as a result, no impairment existed as of the annual assessment date during the fourth quarter of 2022. Further, we have not identified any indications of impairment that would prompt an interim impairment assessment for the quarter ended September 28, 2023.

## **Results of Operations**

The following table sets forth, for the periods indicated, certain of our operating data:



	Three Months Ended		Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
	(\$ in millions)		(\$ in millions)	
Revenue	\$ 1,438.9	\$ 1,276.9	\$ 4,235.0	\$ 3,709.5
Cost of sales	1,492.5	1,194.0	4,320.2	3,611.4
Gross (loss) profit	(53.6)	82.9	(85.2)	98.1
Selling, general and administrative	69.2	69.1	217.2	203.8
Restructuring costs	—	—	7.2	0.2
Research and development	10.1	9.3	33.9	36.5
Other operating expense	0.8	—	5.7	—
Operating loss	(133.7)	4.5	(349.2)	(142.4)
Interest expense and financing fee amortization	(75.1)	(56.8)	(221.1)	(170.8)
Other income (expense), net	7.3	(42.1)	(120.0)	30.2
Loss before income taxes and equity in net income (loss) of affiliates	(201.5)	(94.4)	(690.3)	(283.0)
Income tax provision	(2.4)	(32.9)	(1.1)	(18.4)
Loss before equity in net income (loss) of affiliates	(203.9)	(127.3)	(691.4)	(301.4)
Equity in net income (loss) of affiliates	—	(0.3)	(0.2)	(1.2)
Net loss	\$ (203.9)	\$ (127.6)	\$ (691.6)	\$ (302.6)

Comparative shipset deliveries by model were as follows<sup>(1)</sup>:

Model	Three Months Ended		Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
B737	83	69	252	200
B747	—	—	—	1
B767	7	7	24	23
B777	9	8	23	19
B787	9	6	25	13
Total Boeing	108	90	324	256
A220	16	12	43	46
A320 Family	129	145	423	447
A330	8	8	26	20
A350	12	11	37	37
Total Airbus	165	176	529	550
Total Business and Regional Jets	59	50	167	149
Total	332	316	1,020	955

- (1) For purposes of measuring production or shipset deliveries for Boeing aircraft in a given period, the term “shipset” refers to sets of structural fuselage components produced or delivered for one aircraft in such period. For purposes of measuring production or shipset deliveries for Airbus A220 aircraft in a given period, the term “shipset” refers to sets of structural wing components produced or delivered for one aircraft in such period. For purposes of measuring production or shipset deliveries for all other Airbus and Business/Regional Jet aircraft in a given period, the term “shipset” refers to all structural aircraft components produced or delivered for one aircraft in such period. Other components that are part of the same aircraft shipsets could be produced or shipped in earlier or later accounting periods than the components used to measure production or shipset deliveries, which may result in slight variations in production or delivery quantities of the various shipset components in any given period.

Net revenues by prime customer were as follows:

Prime Customer	Three Months Ended		Nine Months Ended	
	September 28, 2023	September 29, 2022	September 28, 2023	September 29, 2022
	(\$ in millions)		(\$ in millions)	
Boeing	\$ 883.9	\$ 824.3	\$ 2,640.6	\$ 2,233.7
Airbus	274.5	237.2	816.8	822.2
Other	280.5	215.4	777.6	653.6
Total net revenues	<u>\$ 1,438.9</u>	<u>\$ 1,276.9</u>	<u>\$ 4,235.0</u>	<u>\$ 3,709.5</u>

### Changes in Estimates

During the third quarter of 2023, we recognized unfavorable changes in estimates of \$165.1 million, which included net forward loss charges of \$101.1 million, and unfavorable cumulative catch-up adjustments related to periods prior to the third quarter of 2023 of \$64.0 million. The forward losses in the third quarter were primarily driven by labor and production cost growth on the A350 program, additional labor and supply chain cost growth on the B787 program, increased factory performance and supply chain costs on the B767 program, and production costs incurred on the Sikorsky CH-53K program. The unfavorable cumulative catch-up adjustments primarily relate to increased factory performance costs and rework costs related to the quality issue on the B737 aft pressure bulkhead on the B737 program, and production cost overruns and foreign currency movements on the A320 program. As referenced above, we utilize a periodic forecasting process to assess the progress and performance of our programs. We may continue to experience forward losses in the future as a result of production schedule impacts from our customers, increases in costs related to persistent inflation, or other factors resulting in cost estimates higher than our original forecast.

During the same period in the prior year, we recognized total unfavorable changes in estimates of \$54.0 million, which included net forward loss charges of \$49.1 million, and unfavorable cumulative catch-up adjustments related to periods prior to the third quarter of 2022 of \$4.9 million.

### Three Months Ended September 28, 2023 as Compared to Three Months Ended September 29, 2022

**Revenue.** Net revenue for the three months ended September 28, 2023 was \$1,438.9 million, an increase of \$162 million, or 12.7%, compared to net revenue of \$1,276.9 million for the same period in the prior year. The increase in revenue was primarily driven by increased Boeing deliveries and increased Defense and Space revenue. Approximately 81% and 83% of Spirit's net revenues for the third quarter of 2023 and 2022, respectively, came from our two largest customers, Boeing and Airbus.

Total deliveries to Boeing increased to 108 shipsets during the third quarter of 2023, compared to 90 shipsets delivered in the same period of the prior year, primarily driven by the continued production ramp up of the B737 program along with additional B787 deliveries. Total deliveries to Airbus decreased to 165 shipsets during the third quarter of 2023, compared to 176 shipsets delivered in the same period of the prior year, primarily driven by a decrease in A320 deliveries partially offset by additional A220 deliveries in the current quarter. Deliveries for business/regional jet components increased to 59 shipsets delivered during the third quarter of 2023, compared to 50 shipsets delivered in the same period of the prior year. In total, deliveries increased to 332 shipsets during the third quarter of 2023, compared to 316 shipsets delivered in the same period of the prior year.

**Gross (Loss) Profit.** Gross loss was (\$53.6) million for the three months ended September 28, 2023, compared to gross profit of \$82.9 million for the same period in the prior year. The increase in loss from the prior year period was primarily driven by higher unfavorable cumulative catch-up adjustments and higher forward losses, as detailed below. In the third quarter of 2023, we recognized \$56.4 million of excess capacity production costs driven by cost overruns and production schedule changes on B737 MAX, A220 and A320 programs, compared to excess capacity cost of \$31.4 million in the same period of the prior year. In the third quarter of 2023, we recognized \$64.0 million of unfavorable cumulative catch-up adjustments related to periods prior to the third quarter of 2023, and \$101.1 million of net forward loss charges. As mentioned in the Note 4 *Changes in Estimates* to our condensed consolidated financial statements included in Part I of this Quarterly Report, the forward losses recorded in the third quarter of 2023 were primarily driven by labor and production cost growth on the A350 program, additional labor and supply chain cost growth on the B787 program, increased factory performance and supply chain costs on the B767 program, and production costs incurred including the impact of the IAM agreement on the Sikorsky CH-53K program. In the third quarter of 2022, we recorded \$4.9 million of unfavorable cumulative catch-up adjustments related to periods prior to the third quarter of 2022, and \$49.1 million of net forward loss charges primarily driven by increased cost estimates for production on the A350 program, increased engineering cost estimates on the RB3070 program, and increased cost estimates for supply chain, rework, and fixed cost absorption on the B787 program.

*SG&A and Research and Development.* Current period SG&A was higher than in the prior year period by \$0.1 million, primarily due to increased bids and proposals in Defense & Space, partially offset by reductions in incentives and purchased services. More research and development activity drove expenses \$0.8 million higher for the three months ended September 28, 2023, as compared to the same period in the prior year.

*Operating (Loss) Income.* Operating loss for the three months ended September 28, 2023 was (\$133.7) million, a decrease of \$138.2 million, compared to operating income of \$4.5 million for the same period in the prior year. The variance reflects the higher unfavorable cumulative catch-up adjustments and higher forward losses detailed above.

*Interest Expense and Financing Fee Amortization.* Interest expense and financing fee amortization for the three months ended September 28, 2023 increased \$18.3 million compared to the same period in the prior year, driven by higher interest rates. The three months ended September 28, 2023 includes \$70.1 million of interest and fees paid or accrued in connection with long-term debt and \$2.9 million in amortization of deferred financing costs and original issue discount, compared to \$51.3 million of interest and fees paid or accrued in connection with long-term debt and \$1.9 million in amortization of deferred financing costs and original issue discount for the same period in the prior year. See also Note 15 *Debt* to our condensed consolidated financial statements included in Part I of this Quarterly Report.

*Other Income (Expense), net.* Other income, net for the three months ended September 28, 2023 was \$7.3 million, compared to other expense of (\$42.1) million for the same period in the prior year, a decrease in expense of \$49.4 million. The decrease in other expense was primarily due to net pension related income in the current year period of \$1.7 million versus net pension related expense of (\$56.4) million in the prior year period. In addition, we recorded lower foreign currency gains of \$12.9 million recognized in the current period, versus gains of \$13.4 million in the same period of the prior year. The respective pension expense value for 2022 was driven by special accounting impacts related to pension plan termination activities. See also Note 16 *Pension and Other Post-Retirement Benefits*. Additionally, in the prior year period there was a gain of \$10.0 million related to the termination of a joint venture agreement. See also Note 21 *Other Income (Expense), Net* to our condensed consolidated financial statements included in Part I of this Quarterly Report.

*Provision for Income Taxes.* Our reported tax rate includes two principal components: an expected annual tax rate and discrete items resulting in additional provisions or benefits that are recorded in the quarter that an event arises. Events or items that could give rise to discrete recognition include excess tax benefit in respect of share-based compensation, finalizing audit examinations for open tax years, statute of limitations expiration, or a change in tax law.

Deferred income tax assets and liabilities are recognized for future income tax consequences attributable to differences between the financial statement carrying amounts for existing assets and liabilities and their respective tax bases. A valuation allowance is recorded to reduce deferred income tax assets to an amount that in management's opinion will ultimately be realized. We have reviewed our material deferred tax assets to determine whether or not a valuation allowance was necessary. Based on evaluation of both the positive and negative evidence available, management determined that it was necessary to continue to maintain a valuation allowance against nearly all of its net U.S. and U.K. deferred tax assets as of September 28, 2023. The net valuation allowance was increased by \$43.6 million in the U.S. and by \$11.2 million in the U.K. for the three months ended September 28, 2023.

The income tax provision for the three months ended September 28, 2023 includes (\$6.7) million for federal taxes, \$3.7 million for state taxes and \$5.4 million for foreign taxes. The income tax provision for the three months ended September 29, 2022 includes \$19.6 million for federal taxes, \$4.3 million for state taxes and \$9.0 million for foreign taxes. The effective tax rate for the three months ended September 28, 2023 is (1.19%) as compared to (34.73%) for the same period in 2022. As we are reporting a pre-tax loss for the three months ended September 28, 2023, an increase in the effective tax rate results in an increase of income tax benefits while a decrease in the rate results in a reduction of income tax benefits.

The decrease from the U.S. statutory tax rate is attributable primarily to valuation allowances on deferred tax assets.

*Segments.* The following table shows segment revenues and operating income for the three months ended September 28, 2023 and September 29, 2022:

	Three Months Ended	
	September 28, 2023	September 29, 2022
	(\$ in millions)	
<b>Segment Revenues</b>		
Commercial	\$ 1,136.4	\$ 1,034.9
Defense & Space	205.7	161.7
Aftermarket	96.8	80.3
	<u>\$ 1,438.9</u>	<u>\$ 1,276.9</u>
<b>Segment Operating (Loss) Income</b>		
Commercial	\$ (82.1)	\$ 45.0
Defense & Space	9.8	18.4
Aftermarket	17.9	19.5
	<u>\$ (54.4)</u>	<u>\$ 82.9</u>
SG&A	(69.2)	(69.1)
Research and development	(10.1)	(9.3)
<b>Total operating loss</b>	<u>\$ (133.7)</u>	<u>\$ 4.5</u>

Commercial segment, Defense & Space segment, and Aftermarket segment represented approximately 79%, 14%, and 7%, respectively, of our net revenues for the three months ended September 28, 2023 and approximately 81%, 13%, and 6%, respectively, of our net revenues for the three months ended September 29, 2022.

*Commercial segment.* Commercial segment net revenues for the three months ended September 28, 2023 were \$1,136.4 million, an increase of \$101.5 million, or 10%, compared to the same period in the prior year. The increase in revenues was primarily driven by increased deliveries to Boeing in the current period.

Commercial segment operating margins were (7%) for the three months ended September 28, 2023, compared to 4% for the same period in the prior year. The margin decreasing for the three months ended September 28, 2023, as compared to the prior year period, was primarily due to higher unfavorable changes in estimates recorded in the current period, partially offset by higher B737 deliveries. In the third quarter of 2023, the segment recorded unfavorable cumulative catch-up adjustments of \$59.1 million and net forward loss charges of \$86.5 million. In comparison, during the third quarter of 2022, the segment recorded unfavorable cumulative catch-up adjustments of \$6.9 million and net forward loss charges of \$47.4 million. For the three months ended September 28, 2023, the Commercial segment included \$54.3 million of excess capacity production costs, and \$0.8 million of temporary production pause charges, compared with excess capacity costs of \$29.9 million, and net workforce reductions of \$0.3 million, for the same period in the prior year.

*Defense & Space segment.* Defense & Space segment net revenues for the three months ended September 28, 2023 were \$205.7 million, an increase of \$44.0 million, or 27%, compared to the same period in the prior year. The variance from the prior year period includes the impact of additional revenues from progress on classified programs and increased production of the Boeing B737 program, the contracts for which include units produced for the Boeing P-8 program that are accounted for in the Defense & Space segment.

Defense & Space segment operating margins decreased to 5% for the three months ended September 28, 2023, compared to 11% for the same period in the prior year. The decrease in margin over the prior year period was primarily due to increased costs on the Boeing P-8 program resulting from higher supply chain cost estimates, as well as higher unfavorable changes in estimates recorded in the current period on the Sikorsky CH-53K program. For the three months ended September 28, 2023 the Defense & Space segment included \$2.1 million of excess capacity production costs, \$0.0 million of temporary production pause charges, and restructuring costs of \$0.0 million, compared with compared with excess capacity costs of \$1.5 million and restructuring costs of \$0.0 million for the same period in the prior year. The segment recorded unfavorable cumulative catch-up adjustments of \$4.9 million for the three months ended September 28, 2023. The segment recorded net forward loss charges of \$14.6 million for the three months ended September 28, 2023. In comparison, during the same period of the prior year, the segment recorded favorable cumulative catch-up adjustments of \$2.0 million and net forward loss charges of \$1.7 million.

*Aftermarket segment.* Aftermarket segment net revenues for the three months ended September 28, 2023 were \$96.8 million, an increase of \$16.5 million, or 21%, compared to the same period in the prior year. Aftermarket segment operating margins were 18% for the three months ended September 28, 2023, compared to 24% for the same period in the prior year. The decrease in margins was driven primarily by lower margins on increased activity.

***Nine Months Ended September 28, 2023 as Compared to Nine Months Ended September 29, 2022***

*Revenue.* Net revenue for the nine months ended September 28, 2023 was \$4,235.0, an increase of \$363.5, or 12.1%, compared to net revenue of \$3,709.5 for the same period in the prior year. The increase in revenue was primarily driven by higher deliveries on Boeing and Defense programs, offset by Airbus deliveries. Approximately 82% and 82% of the Company's net revenues for the nine months ended September 28, 2023 and September 29, 2022, respectively, came from our two largest customers, Boeing and Airbus.

Total deliveries to Boeing increased to 324 shipsets during the nine months ended September 28, 2023, compared to 256 shipsets delivered in the same period of the prior year, primarily driven by the continued production ramp up of the B737 program along with additional B787 deliveries. Total deliveries to Airbus decreased to 529 shipsets during the nine months ended September 28, 2023, compared to 550 shipsets delivered in the same period of the prior year, primarily driven by customer driven schedule changes and production delays. Deliveries for business/regional jet components increased to 167 shipsets during the nine months ended September 28, 2023, compared to 149 shipsets delivered in the same period of the prior year. In total, deliveries increased to 1,020 shipsets during the nine months ended September 28, 2023, compared to 955 shipsets delivered in the same period of the prior year.

*Gross (Loss) Profit.* Gross loss was (\$85.2) million for the nine months ended September 28, 2023, compared to gross profit of \$98.1 million for the same period in the prior year. The decrease in profit over the same period of the prior year was primarily driven by higher negative changes in estimates in the current period, partially offset by higher profit on increased deliveries in B737. In the nine months ended September 28, 2023, the Company recognized \$152.9 million of excess capacity production costs driven by cost overruns and production schedule changes, compared to excess capacity production costs of \$126.1 million and \$9.8 million of net workforce adjustments as a result of COVID-19 in the same period of the prior year. In the nine months ended September 28, 2023, the Company recognized \$49.4 million of unfavorable cumulative catch-up adjustments related to periods prior to the nine months ended September 28, 2023, and \$315.8 million of net forward loss charges. The forward losses recorded in the period were primarily driven by labor and production cost growth, higher supply chain costs, and schedule revisions on the A350 program and additional labor, the impact of the IAM agreement and supply chain cost growth on the B787 program, increased factory performance and supply chain costs on the B767, and production costs incurred including the impact of the IAM agreement on the Sikorsky CH-53K program. In the nine months ended September 29, 2022, the Company recorded \$26.2 million of unfavorable cumulative catch-up adjustments related to periods prior to the nine months ended September 29, 2022, and \$136.6 million of net forward loss charges on the B787, A350, RB3070, and A220 programs.

*SG&A and Research and Development.* SG&A expense was \$13.4 million higher for the nine months ended September 28, 2023, compared to the same period in the prior year. The variance was driven by increases in headcount, purchased services, incentives, and travel. Less research and development activity drove research and development expense \$2.6 million lower for the nine months ended September 28, 2023, as compared to the same period in the prior year.

*Restructuring Costs.* Restructuring costs of \$7.2 million for cost alignment and headcount reductions increased \$7.0 million for the nine months ended September 28, 2023, compared to the same period in the prior year. The variance is primarily driven by the results of the voluntary separation program activity in the current period.

*Operating (Loss) Income.* Operating loss for the nine months ended September 28, 2023 was (\$349.2) million, an increase of \$206.8 million, compared to the operating loss of (\$142.4) million for the same period in the prior year. The increase reflects the effects of higher changes in estimates and forward loss charges as well as expenses related to the temporary production pause resulting from the IAM strike.

*Interest Expense and Financing Fee Amortization.* Interest expense and financing fee amortization for the nine months ended September 28, 2023 increased \$50.3 million compared to the same period in the prior year, driven by higher interest rates offset by lower interest expense on the repayable investment agreement with the Department of Business, Energy, and Industrial Strategy of the Government of the United Kingdom which was fully settled in the same period of the prior year (see Note 21 *Other Income (Expense), Net*). The nine months ended September 28, 2023 includes \$208.0 million of interest and fees paid or accrued in connection with long-term debt and \$8.6 million in amortization of deferred financing costs and original issue discount, compared to \$148.9 million of interest and fees paid or accrued in connection with long-term debt and \$5.7 million in amortization of deferred financing costs and original issue discount for the same period in the prior year. See also Note 15 *Debt* to our condensed consolidated financial statements included in Part I of this Quarterly Report.

*Other Income (Expense), net.* Other expense, net for the nine months ended September 28, 2023 was (\$120.0) million, compared to other income of \$30.2 million for the same period in the prior year. The increase in other expense was primarily due to net pension expense of (\$59.0) million in the current year period versus net pension expense of (\$15.1) million in the prior year period (see Note 21 *Other Income (Expense), Net* to our condensed consolidated financial statements included in Part I of this Quarterly Report). In addition, we recorded (\$0.4) million of foreign currency losses in the current year period versus foreign currency gains of \$40.6 million in the prior year period. The increase in other expense also reflects a gain of \$20.7 million recorded in the prior year period related to the settlement of the repayable investment agreement with the U.K. Department of Business, Energy and Industrial Strategy.

*Provision for Income Taxes.* Our reported tax rate includes two principal components: an expected annual tax rate and discrete items resulting in additional provisions or benefits that are recorded in the quarter that an event arises. Events or items that could give rise to discrete recognition include excess tax benefit in respect of share-based compensation, finalizing audit examinations for open tax years, statute of limitations expiration, or a change in tax law.

Deferred income tax assets and liabilities are recognized for future income tax consequences attributable to differences between the financial statement carrying amounts for existing asset and liabilities and their respective tax bases. A valuation allowance is recorded to reduce deferred income tax assets to an amount that in management's opinion will ultimately be realized. We have reviewed our material deferred tax assets to determine whether or not a valuation allowance was necessary. Based on evaluation of both the positive and negative evidence available, management determined that it was necessary to continue to maintain a valuation allowance against nearly all of its net U.S. and U.K. deferred tax assets as of September 28, 2023. The net valuation allowance was increased by \$112.6 million in the U.S. and by \$46.9 million in the U.K. for the nine months ended September 28, 2023.

The income tax provision for the nine months ended September 28, 2023 includes (\$10.9) million for federal taxes, \$1.1 million for state taxes and \$10.9 million for foreign taxes. The income tax provision for the nine months ended September 29, 2022 includes \$14.2 million for federal taxes, \$2.2 million for state taxes and \$2.0 million for foreign taxes. The effective tax rate for the nine months ended September 28, 2023 is (0.16%) as compared to (6.49%) for the same period in 2022. As we are reporting a pre-tax loss for the nine months ended September 28, 2023, an increase in the effective tax rate results in an increase of income tax benefits while a decrease in the rate results in a reduction of income tax benefits.

The decrease from the U.S. statutory rate is attributable primarily to nondeductible interest expense, nondeductible excise tax, valuation allowances on deferred tax assets, and foreign rate differences.

*Segments.* The following table shows segment revenues and operating income for the nine months ended September 28, 2023 and September 29, 2022:

	Nine Months Ended	
	September 28, 2023	September 29, 2022
	(\$ in millions)	
<b>Segment Revenues</b>		
Commercial	\$ 3,367.9	\$ 3,004.4
Defense & Space	583.7	466.6
Aftermarket	283.4	238.5
	<u>\$ 4,235.0</u>	<u>\$ 3,709.5</u>
<b>Segment Operating (Loss) Income</b>		
Commercial	\$ (200.5)	\$ (3.5)
Defense & Space	41.0	52.1
Aftermarket	61.4	49.3
	<u>\$ (98.1)</u>	<u>\$ 97.9</u>
SG&A	(217.2)	(203.8)
Research and development	(33.9)	(36.5)
<b>Total operating loss</b>	<u>\$ (349.2)</u>	<u>\$ (142.4)</u>

Commercial segment, Defense & Space segment, and Aftermarket segment represented approximately 80%, 14%, and 7%, respectively, of our net revenues for the nine months ended September 28, 2023, and approximately 81%, 13%, and 6%, respectively, of our net revenues for the nine months ended September 29, 2022.

*Commercial segment.* Commercial segment net revenues for the nine months ended September 28, 2023 were \$3,367.9 million, an increase of \$363.5 million, or 12%, compared to the same period in the prior year. The increase in revenues was primarily driven by increased deliveries to Boeing in the current period.

Commercial segment operating margins were (6%) for the nine months ended September 28, 2023, compared to 0% for the same period in the prior year. The decrease in margin, compared to the same period in the prior year, was driven by higher unfavorable changes in estimates recorded in the period, supply chain issues and production costs on B767, A350 and A220, and the contra revenue recognized for a potential customer claim, partially offset by higher B737 deliveries and the absence of losses related to Russia sanctions recognized during the prior year period. For the nine months ended September 28, 2023, the Commercial segment includes \$147.0 million of excess capacity production costs, \$7.9 million of temporary production pause charges, and \$6.3 million, net, of restructuring and other costs, compared with excess capacity production costs of \$119.8 million, net workforce adjustments of \$9.8 as a result of COVID-19, and net restructuring and other costs of (\$25.5) million, including partial offset related to the AMJP Program grant of (\$28.4) million for the same period in the prior year. For the nine months ended September 28, 2023, the segment recorded unfavorable cumulative catch-up adjustments of \$40.7 million and net forward loss charges of \$298.3 million. In comparison, for the nine months ended September 29, 2022, the segment recorded unfavorable cumulative catch-up adjustments of \$27.8 million and net forward loss charges of 132.6 million. The margin for the nine months ended September 29, 2022 includes the impact of \$23.9 million of the charge, mentioned above, in relation to the suspension of activities related to customers in Russia due to the Russian invasion of Ukraine, and the associated sanctions.

*Defense & Space.* Defense & Space segment net revenues for the nine months ended September 28, 2023 were \$583.7 million, an increase of \$117.1 million, or 25%, compared to the same period in the prior year. The increase from the prior year includes the impact of additional revenues from progress on classified programs and increased production on the B737 program, the contracts for which include units produced for the Boeing P-8 program that are accounted for in the Defense & Space segment.

Defense & Space segment operating margins were 7% for the nine months ended September 28, 2023, compared to 11% for the same period in the prior year. The decrease in operating income margin for the segment was primarily due to increased costs on the Boeing P-8 program resulting from the IAM union negotiations and higher supply chain cost estimates, as well as higher unfavorable changes in estimates recorded in the current period on the Sikorsky CH-53K program. For the nine months ended September 28, 2023, the Defense & Space segment includes \$5.9 million of excess capacity production costs, \$0.2 million of temporary production pause charges, and \$0.9 million, net, of restructuring and other costs, compared with excess capacity production costs of \$6.3 million and (\$2.3) million of partial offset related to the AMJP Program grant during the same period of the prior year. The segment recorded unfavorable cumulative catch-up adjustments of (\$8.7) million and net forward losses of (\$17.5) million for the nine months ended September 28, 2023. In comparison, during the same period of the prior year, the segment recorded favorable cumulative catch-up adjustments of \$1.6 million and net forward loss charges of (\$4.0) million.

*Aftermarket.* Aftermarket segment net revenues for the nine months ended September 28, 2023 were \$283.4 million, an increase of \$44.9 million, or 19%, compared to the same period in the prior year. Aftermarket segment operating margins were 22% for the nine months ended September 28, 2023, compared to 21% for the same period in the prior year. For the nine months ended September 28, 2023, the margin increase reflects increases in MRO product mix and the \$2.4 million benefit from the settlement of a contingent consideration obligation related to a prior year acquisition as well as the absence of losses related to Russia sanctions that were recognized in the prior year period of \$4.2 million. In comparison, the operating margins for the Aftermarket segment during the nine months ended September 29, 2022 includes (\$1.9) million of partial offset related to the AMJP Program grant and the impact of \$4.2 million of the charge, mentioned above, in relation to the suspension of activities related to customers in Russia due to the Russian invasion of Ukraine, and the associated sanctions.

## Liquidity and Capital Resources

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing, and financing activities. Our principal sources of liquidity are operating cash flows from continuing operations and borrowings to finance our business operations. During the second quarter ended June 29, 2023, our operating cash flows from continuing operations were adversely impacted by the IAM strike and the associated production pause which began on June 22, 2023 and ended on July 5, 2023. Additionally, in recent periods, other adverse impacts to our operating cash flows have been caused by, among other things, the B737 MAX grounding, the COVID-19 pandemic, production rate changes for the B737 MAX program and other programs, supply chain disruptions, labor shortages and cost increases affecting our business. We expect those adverse impacts to continue through 2023 and beyond. As discussed in Note 27 *Subsequent Events* to our condensed consolidated financial statements included in Part I of this Quarterly Report, on October 12, 2023, we entered into the MOA with Boeing. Among other things, the MOA includes a broad release of liability and claims through October 12, 2023, by both parties relating to Boeing's Commercial Airplanes division and its airplane programs under the General Terms Agreement for the B787 program and the General Terms Agreement for the B737, B747, B767, and B777 programs. For purposes of assessing our liquidity needs in this section, we have assumed that Boeing will not further reduce the B737 MAX production rate and that other customers generally would not further reduce their production rates. For risks that may affect that assumption, see Item 1A, "Risk Factors" in our 2022 Form 10-K.

During the quarter ended June 29, 2023, we received cash advances of \$180.0 million from Boeing related to a memorandum of agreement with Boeing executed on April 28, 2023, which originally required a repayment of \$90.0 million on February 14, 2024, and \$90.0 million on February 14, 2025. Per the terms of the MOA signed with Boeing on October 12, 2023 (see Note 27 *Subsequent Events* to our condensed consolidated financial statements included in Part I of this Quarterly Report), the repayment dates have been amended to delay the payments such that \$90.0 is payable in December 2025 and the remaining \$90.0 is payable in equal \$45.0 installments in December 2026 and 2027. Our repayment obligation will be accelerated, and any outstanding amount advanced under the agreement will immediately become due and payable, in the event that (i) we fail to make any repayment in full on the applicable Repayment Date, (ii) we fail to submit a satisfactory written confirmation that we are able to and intend to make the required repayment thirty days prior to each Repayment Date, as required under the agreement, or (iii) we repudiate any performance obligation under the agreement or certain of our existing agreements with Boeing. Boeing will have the right to set off any unpaid amount due and payable under the memorandum of agreement from any amount owed to Boeing under any other agreement between the parties. As of September 28, 2023, the \$90.0 million repayable on February 14, 2024 is reflected in the *Other current liabilities* line item on the Condensed Consolidated Balance Sheets while the \$90.0 million repayable on February 14, 2025 is reflected in the *Other non-current liabilities* line item. The classification of these advance liabilities will change to long-term for the entire \$180.0 when the impact of the MOA is reflected in the fourth quarter of 2023. Based on the specific terms and conditions within the final agreement, the \$180.0 million receipt is shown as a financing cash flow while the future repayment of the Boeing advances will be reflected as usage of financing cash flow. See Note 22 *Other Liabilities* to our condensed consolidated financial statements included in Part I of this Quarterly Report for more information.

During the quarters ended June 29, 2023 and September 28, 2023, we received two equal advance payments from Airbus of \$50.0 million each under an agreement between Airbus S.A.S. and Spirit AeroSystems (Europe) Limited ("Spirit Europe") signed on June 23, 2023 (the "A350 Agreement"). The A350 Agreement provides for up to \$100.0 million of advances that are required to be repaid along with a nominal fee to Airbus by way of offset against the purchase price of A350 FLE shipset deliveries in 2025. To the extent actual deliveries in 2025 are insufficient to offset the advance amount, any amount not offset against deliveries will be due and payable to Airbus on December 31, 2025. Related to the A350 Agreement, Spirit Europe has pledged certain program assets including work in process inventories and raw materials at Spirit's Scotland facility in an amount sufficient to cover the advances. Based on the specific terms and conditions within the A350 Agreement, the \$100.0 million of receipts are shown as operating cash flows. As the Airbus advance will be repaid through offset against shipset deliveries, those repayments will effectively reduce operating cash flow in 2025. See Note 12 *Customer Advances* to our condensed consolidated financial statements included in Part I of this Quarterly Report for more information.

As of September 28, 2023, our debt balance was \$3,875.2 million, including \$64.2 million of debt classified as short-term. As of September 28, 2023, we had \$374.1 million of cash and cash equivalents on the Condensed Consolidated Balance Sheet, which reflects a decrease of \$284.5 million from the cash and cash equivalents balance of \$658.6 million as of December 31, 2022.



Based on current operating trends and the receipt of the cash advances referred to above, in addition to the impact of the MOA referenced in Note 27 *Subsequent Events* to our condensed consolidated financial statements included in Part I of this Quarterly Report, we believe our cash on hand and cash flows generated from operations, together with other sources of liquidity and our ability to vary our cost structure, will provide sufficient liquidity for the next twelve months and for the foreseeable future beyond the next twelve months. Beyond the next twelve months, this belief assumes that we will be able to refinance our indebtedness at or prior to maturity with new borrowings or other sources of liquidity. Limitations on our ability to access the capital or credit markets, the cost impacts of additional production rate changes or quality issues, difficulty with managing costs due to labor shortages, supply chain disruptions, inflation or other factors, or unfavorable terms or general reductions in liquidity, may adversely and materially impact our business, financial condition, and results of operations, and prevent us from being able to meet our obligations as they become due. There can be no assurance that we will be able to access the capital or credit markets or, if we do have such access, that it will be on favorable terms.

Further, we have experienced, and could continue to experience, significant fluctuations in our cash flows from period to period, particularly during the continued uncertainty in the timing of the aviation industry recovery and the current challenging macroeconomic environment. We use our cash for many activities, including operations, capital expenditures, debt service, working capital, and M&A integration activities. While we may be able to modify, defer or eliminate some of these uses to manage our cash consumption, other uses are relatively fixed and are difficult to modify in the short-term.

We have agreements to sell, on a revolving basis, certain trade accounts receivable balances with Boeing, Airbus, and Rolls-Royce to third-party financial institutions. These programs were primarily entered into as a result of Boeing and Airbus seeking payment term extensions with us, and they continue to allow us to monetize the receivables prior to their payment date, subject to payment of a discount. Our ability to continue using such agreements is primarily dependent upon the strength of Boeing's, Airbus's, and Rolls-Royce's financial condition. If any of these financial institutions involved with these arrangements experiences financial difficulties, becomes unwilling to support Boeing, Airbus, or Rolls-Royce due to a deterioration in their financial condition or otherwise, or is otherwise unable to honor the terms of the factoring arrangements, we may experience significant disruption and potential liquidity issues, which could have an adverse impact upon our operating results, financial condition, and cash flows. For the nine months ended September 28, 2023, \$2,657.0 million of accounts receivable were sold via these arrangements.

### **Cash Flows**

The following table provides a summary of our cash flows for the nine months ended September 28, 2023 and September 29, 2022:

	For the Nine Months Ended	
	September 28, 2023	September 29, 2022
	(\$ in millions)	
Net cash used in operating activities	\$ (339.5)	\$ (367.4)
Net cash used in investing activities	(76.5)	(88.8)
Net cash provided by (used in) financing activities	134.1	(334.5)
Effect of exchange rate change on cash and cash equivalents	—	(17.5)
Net decrease in cash, cash equivalents and restricted cash for the period	(281.9)	(808.2)
Cash, cash equivalents, and restricted cash beginning of period	678.4	1,498.4
Cash, cash equivalents, and restricted cash, end of period	\$ 396.5	\$ 690.2

### ***Nine Months Ended September 28, 2023 as Compared to Nine Months Ended September 29, 2022***

*Operating Activities.* For the nine months ended September 28, 2023, we had a net cash outflow of \$339.5 million from operating activities, a decrease in net outflow of \$27.9 million compared to a net cash outflow of \$367.4 million for the same period in the prior year. The decrease in net cash outflow, period over period, primarily represents the excess pension plan asset reversion to cash discussed in Note 16 *Pension and Other Post-Retirement Benefits* to our condensed consolidated financial statements included in Part I of this Quarterly Report as well as the receipt of \$100 million of advances from customers in the current year.

*Investing Activities.* For the nine months ended September 28, 2023, we had a net cash outflow of \$76.5 million for investing activities, a decrease in outflow of \$12.3 million compared to a net cash outflow of \$88.8 million for the same period in the prior year. The cash outflows for investing activities in both periods was driven by capital expenditures.

*Financing Activities.* For the nine months ended September 28, 2023, we had a net cash inflow of \$134.1 million for financing activities, an increase in inflow of \$468.6 million, compared to a net cash outflow of \$334.5 million for the same period in the prior year. The increased cash inflow was primarily driven by the receipt of \$180.0 million of advances from Boeing in the current year and the prior year \$289.5 million principal repayment of the repayable investment agreement between the Company and the U.K.'s Department for Business, Energy, and Industrial Strategy. During the nine months ended September 28, 2023, we did not pay any dividends, compared to a dividend of \$3.2 million paid in the same period in the prior year. There were no repurchases of Common Stock under our share repurchase program during either the nine months ended September 28, 2023 or September 29, 2022.

#### ***Pension and Other Post-Retirement Benefit Obligations***

Effective October 1, 2021, we spun off a portion of the existing Pension Value Plan (“PVP A”), to a new plan called PVP B (“PVP B”). As part of the PVP B plan termination process, a lump sum offering was provided during 2021 for PVP B participants and the final asset distribution was completed in the first quarter of 2022. At September 28, 2023 and December 31, 2022, an excess pension plan asset reversion of \$61.4 million and \$71.1 million is recorded on the *Restricted plan assets* line item on the Company’s Condensed Consolidated Balance Sheets. Restricted plan assets are expected to be reduced over seven years as they are distributed to employees under a qualified benefit program.

Separately, during the nine months ended September 28, 2023, we received an excess plan asset reversion of \$179.5 million of cash from PVP A. This transaction was accounted for as a negative contribution and is included on the *Pension plans employer contributions* line item on the Consolidated Statements of Cash Flows for the nine months ended September 28, 2023. Excise tax of \$35.9 million related to the reversion of excess plan assets was separately recorded to the *Other income (expense), net* line item on the Consolidated Statements of Operations for the nine months ended September 28, 2023. See also Note 21 *Other Income (Expense), Net* to our condensed consolidated financial statements included in Part I of this Quarterly Report for more information.

As disclosed in the Company's 2022 Form 10-K, in July 2022, the Company adopted and communicated to participants a plan to terminate PVP A. In the first quarter of 2023, the Company recognized additional non-cash, pre-tax non-operating settlement accounting charges of \$64.6 million related to the purchase of annuities for any participants not electing a lump-sum distribution.

Our U.S. pension plan remained fully funded at September 28, 2023. Our plan investments are broadly diversified, and we do not anticipate a near-term requirement to make cash contributions to our U.S. pension plan. See Note 16 *Pension and Other Post-Retirement Benefits* to our condensed consolidated financial statements included in Part I of this Quarterly Report for more information on the Company’s pension plans. Other than the reversion of excess plan assets noted above, which was accounted for as a negative contribution, the Company's expected contributions for the current year have not significantly changed from those described in the Company's 2022 Form 10-K. The Shorts’ Pension has been in a deficit position during recent years, and there is a risk that additional contributions will be required from the trustees or the U.K. Pension Regulator as described under Part I, Item 1A. “Risk Factors” of our 2022 Form 10-K.

#### ***Derivatives Accounted for as Hedges***

##### **Cash Flow Hedges – Foreign Currency Forward Contract**

The Company has entered into a series of currency forward contracts, each designated as a cash flow hedge upon the date of execution, for the purpose of reducing the variability of cash flows and hedging against the foreign currency exposure for forecasted payroll, pension and vendor disbursements that are expected to be made in the British pound sterling at our operations located in Belfast, Northern Ireland. The hedging program implemented is intended to reduce foreign currency exposure, and the associated forward currency contracts hedge forecasted transactions through June 2024. Changes in the fair value of cash flow hedges are recorded in AOCI and recorded in earnings in the period in which the hedged transaction settles. The gain recognized in AOCI was \$2.2 million for the nine months ended September 28, 2023. Within the next 12 months, the Company expects to recognize a gain of (\$6.3) million in earnings related to the foreign currency forward contracts. As of September 28, 2023, the maximum term of the hedged forecasted transaction was 9 months.

See Note 14 *Derivative and Hedging Activities* to our condensed consolidated financial statements included in Part I of this Quarterly Report for more information.

### ***Debt and Other Financing Arrangements***

As of September 28, 2023, the outstanding balance of the senior secured Term Loan B Credit Agreement was \$589.5 million and the carrying value was \$572.6 million.

As of September 28, 2023, the outstanding balance of the 2023 Notes and the 2028 Notes was \$0.0 million and \$700.0 million, respectively, and the carrying value was \$0.0 million and \$696.4 million, respectively.

As of September 28, 2023, the outstanding balance of the Second Lien 2025 Notes, First Lien 2025 Notes, and 2026 Notes was \$1,200.0 million, \$20.8 million, and \$300.0 million, respectively, and the carrying value was \$1,193.8 million, \$20.8 million, and \$299.0 million.

As of September 28, 2023, the outstanding balance of the First Lien 2029 Notes was \$900.0 million and the carrying value was \$888.0 million.

See Note 15 *Debt* to our condensed consolidated financial statements included in Part I of this Quarterly Report for more information.

### ***Information Regarding Guarantors of Spirit's Notes Registered Under the Securities Act of 1933***

Spirit's 2026 Notes are guaranteed by Spirit AeroSystems North Carolina, Inc., a wholly-owned subsidiary of the Company ("Spirit NC") and the Company, and Spirit's 2028 Notes are guaranteed by the Company. None of Spirit's notes are guaranteed by Spirit's or the Company's other domestic subsidiaries or any foreign subsidiaries (together, the "Non-Guarantor Subsidiaries"). The Company consolidates each of Spirit and Spirit NC in its consolidated financial statements. Spirit and Spirit NC are both 100 percent-owned and controlled by the Company. The Company's guarantees of Spirit's indebtedness are full and unconditional, except that the guarantees may be automatically released and relieved upon satisfaction of the requirements for legal defeasance or covenant defeasance under the applicable indenture being met. The Company's guarantees are also subject to a standard limitation which provides that the maximum amount guaranteed by the Company will not exceed the maximum amount that can be guaranteed without making the guarantee void under fraudulent conveyance laws.

The guarantees of the Company and Spirit NC with respect to Spirit's 2026 Notes are made on a joint and several basis. The guarantee of Spirit NC is not full and unconditional because Spirit NC can be automatically released and relieved of its obligations under certain circumstances, including if it no longer guarantees Spirit's credit facility. Like the Company's guarantees, the guarantee of Spirit NC is subject to a standard limitation which provides that the maximum amount guaranteed by Spirit NC will not exceed the maximum amount that can be guaranteed without making the guarantee void under fraudulent conveyance laws.

All of the existing guarantees by the Company and Spirit NC rank equally in right of payment with all of the guarantors' existing and future senior indebtedness. The secured indebtedness of the Company and Spirit NC (including guarantees of Spirit's existing and future secured indebtedness) will be effectively senior to guarantees of any unsecured indebtedness to the extent of the value of the assets securing such indebtedness. Future guarantees of subordinated indebtedness will rank junior to any existing and future senior indebtedness of the guarantors. The guarantees are structurally junior to any debt or obligations of non-guarantor subsidiaries, including all debt or obligations of subsidiaries that are released from their guarantees of the notes. As of September 28, 2023, indebtedness of our non-guarantor subsidiaries included \$160.2 million of outstanding borrowings under intercompany agreements with guarantor subsidiaries and \$17.9 million of finance leases of our non-guarantor subsidiaries. Based on our understanding of Rule 3-10 of Regulation S-X ("Rule 3-10"), we believe that the Company's guarantees of Spirit's indebtedness comply with the conditions set forth in Rule 3-10, which enable us to present summarized financial information for the Company, Spirit and Spirit NC, which is a consolidated guarantor subsidiary, in accordance with Rule 13-01 of Regulation S-X. The summarized financial information excludes information regarding the non-guarantor subsidiaries. In accordance with Rule 3-10, separate financial statements of the guarantor subsidiaries have not been presented. The following tables include summarized financial information of Spirit, the Company, and Spirit NC (together, the "obligor group"). Investments in and equity in the earnings of the Company's Non-Guarantor Subsidiaries, which are not a member of the obligor group, have been excluded. The summarized financial information of the obligor group is presented on a combined basis for Spirit and the Company, and separately for Spirit NC, with intercompany balances and transactions between entities in the obligor group eliminated. The obligor group's amounts due from, amounts due to and transactions with Non-Guarantor Subsidiaries have been presented in separate line items, if they are material. There are no non-controlling interests in any of the obligor group entities.

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Summarized Statements of Income (\$ millions)	Nine months ended September 28, 2023	
	Holdings and Spirit	Spirit NC
Net Sales to unrelated parties	\$ 3,319.0	\$ —
Net Sales to Non-Guarantor Subsidiaries	12.3	31.1
Gross profit on sales to unrelated parties	20.4	—
Gross (loss) profit on sales to Non-Guarantor Subsidiaries	(10.0)	1.6
Loss from continuing operations	(516.1)	(3.7)
Net loss	\$ (516.1)	\$ (3.7)

Summarized Balance Sheets (\$ millions)	Holdings and Spirit		Spirit NC	
	September 28, 2023	December 31, 2022	September 28, 2023	December 31, 2022
<b>Assets</b>				
Cash and cash equivalents	\$ 247.9	\$ 487.7	\$ —	\$ —
Receivables due from Non-Guarantor Subsidiaries	90.0	85.9	20.4	15.7
Receivables due from unrelated parties	343.4	242.7	0.2	0.6
Contract assets	548.1	449.8	—	—
Inventory, net	957.6	869.1	112.9	103.7
Other current assets	39.4	6.2	—	—
<b>Total current assets</b>	<b>\$ 2,226.4</b>	<b>\$ 2,141.4</b>	<b>\$ 133.5</b>	<b>\$ 120.0</b>
Loan receivable from Non-Guarantor Subsidiaries	160.2	355.2	—	—
Property, plant and equipment, net	1,419.1	1,503.1	185.0	205.2
Pension assets, net	66.0	249.2	—	—
Other non-current assets	293.3	314.7	5.0	5.2
<b>Total non-current assets</b>	<b>\$ 1,938.6</b>	<b>\$ 2,422.2</b>	<b>\$ 190.0</b>	<b>\$ 210.4</b>
<b>Liabilities</b>				
Accounts payable to Non-Guarantor Subsidiaries	\$ 113.8	\$ 134.7	\$ 7.1	\$ 6.6
Accounts payable to unrelated parties	741.1	681.0	33.8	26.4
Accrued expenses	366.1	282.3	2.7	1.5
Current portion of long-term debt	54.8	67.6	1.1	1.1
Other current liabilities	582.1	328.7	0.6	0.5
<b>Total current liabilities</b>	<b>\$ 1,857.9</b>	<b>\$ 1,494.3</b>	<b>\$ 45.3</b>	<b>\$ 36.1</b>
Long-term debt	3,797.8	3,778.5	3.6	4.4
Contract liabilities, long-term	195.6	245.3	—	—
Forward loss provision, long-term	160.1	215.4	—	—
Other non-current liabilities	472.3	478.0	4.4	4.7
<b>Total non-current liabilities</b>	<b>\$ 4,625.8</b>	<b>\$ 4,717.2</b>	<b>\$ 8.0</b>	<b>\$ 9.1</b>

**Supply Chain Financing Applicable to Suppliers**

We have provided certain suppliers with access to a supply chain financing program through a facility with a third-party financing institution. Our suppliers' ability to access the program is primarily dependent upon the strength of our financial condition and certain qualifying criteria. This program was primarily entered into as a result of seeking payment term extensions with suppliers, and the program allows suppliers to monetize the receivables prior to their payment date, subject to payment of a discount. While our suppliers' access to this supply chain financing program could be curtailed if our credit ratings are downgraded due to a potential reduction in the capacity of the facility, we do not expect that changes in the availability of supply chain financing to our suppliers will have a significant impact on our liquidity.

The balance of confirmed obligations to suppliers who elected to participate in the supply chain financing program included in our accounts payable balance as of September 28, 2023 and September 29, 2022 was \$112.7 million and \$103.5 million, respectively. Confirmed obligations to suppliers who elected to participate in the supply chain financing program increased by \$10.7 million and \$44.6 million during the nine-month periods ended September 28, 2023 and September 29, 2022, respectively. The changes in each period primarily reflect purchases from suppliers related to production levels during the applicable period.

See Note 25 *Supplier Financing* to our condensed consolidated financial statements included in Part I of this Quarterly Report for more information.

## **Advance Payments**

*Advances on the B787 Program.* Boeing has made advance payments to Spirit under the B787 Supply Agreement that are required to be repaid to Boeing by way of offset against the purchase price for future shipset deliveries. As of September 28, 2023, the amount of advance payments received by us from Boeing under the B787 Supply Agreement and not yet repaid was approximately \$194.5 million.

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

You should read the discussion of our financial condition and results of operations in conjunction with the unaudited condensed consolidated financial statements and the notes to the unaudited condensed consolidated financial statements appearing elsewhere in this Quarterly Report. The section may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements reflect our current expectations or forecasts of future events. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “aim,” “anticipate,” “believe,” “could,” “continue,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “might,” “objective,” “plan,” “predict,” “project,” “should,” “target,” “will,” “would,” and other similar words, or phrases, or the negative thereof, unless the context requires otherwise. These statements reflect management’s current views with respect to future events and are subject to risks and uncertainties, both known and unknown, including, but not limited to, those described in the “Risk Factors” section of the 2022 Form 10-K. Our actual results may vary materially from those anticipated in forward-looking statements. We caution investors not to place undue reliance on any forward-looking statements.

Important factors that could cause actual results to differ materially from those reflected in such forward-looking statements and that should be considered in evaluating our outlook include, but are not limited to, the following:

- the continued fragility of the global aerospace supply chain including our dependence on our suppliers, as well as the cost and availability of raw materials and purchased components, including increases in energy, freight, and other raw material costs as a result of inflation or continued global inflationary pressures;
- our ability and our suppliers’ ability, or willingness, to meet stringent delivery (including quality and timeliness) standards and accommodate changes in the build rates or model mix of aircraft under existing contractual commitments, including the ability or willingness to staff appropriately or expend capital for current production volumes and anticipated production volume increases;
- the ability to maintain continuing, uninterrupted production at our manufacturing facilities and our suppliers’ facilities;
- our ability, and our suppliers’ ability, to attract and retain the skilled work force necessary for production and development in an extremely competitive market;
- the effect of economic conditions, including increases in interest rates and inflation, on the demand for our and our customers’ products and services, on the industries and markets in which we operate in the U.S. and globally, and on the global aerospace supply chain;
- the general effect of geopolitical conditions, including Russia’s invasion of Ukraine and the resultant sanctions being imposed in response to the conflict, including any trade and transport restrictions;
- the recent outbreak of war in Israel and the Gaza Strip and the potential for expansion of the conflict in the surrounding region, which may impact certain suppliers’ ability to continue production or make timely deliveries of supplies required to produce and timely deliver our products, and may result in sanctions being imposed in response to the conflict, including trade and transport restrictions;
- our relationships with the unions representing many of our employees, including our ability to successfully negotiate new agreements, and avoid labor disputes and work stoppages with respect to our union employees;
- the impact of significant health events, such as pandemics, contagions, or other public health emergencies (including the COVID-19 pandemic) or fear of such events, on the demand for our and our customers’ products and services, the industries, and the markets in which we operate in the U.S. and globally;
- the timing and conditions surrounding the full worldwide return to service (including receiving the remaining regulatory approvals) of the B737 MAX, future demand for the aircraft, and any residual impacts of the B737 MAX grounding on production rates for the aircraft;
- our reliance on The Boeing Company (“Boeing”) and Airbus Group SE and its affiliates (collectively, “Airbus”) for a significant portion of our revenues;
- the business condition and liquidity of our customers and their ability to satisfy their contractual obligations to the Company;

- the certainty of our backlog, including the ability of customers to cancel or delay orders prior to shipment on short notice, and the potential impact of regulatory approvals of existing and derivative models;
- our ability to accurately estimate and manage performance, cost, margins, and revenue under our contracts, and the potential for additional forward losses on new and maturing programs;
- our accounting estimates for revenue and costs for our contracts and potential changes to those estimates;
- our ability to continue to grow and diversify our business, execute our growth strategy, and secure replacement programs, including our ability to enter into profitable supply arrangements with additional customers;
- the outcome of product warranty or defective product claims and the impact settlement of such claims may have on our accounting assumptions;
- competitive conditions in the markets in which we operate, including in-sourcing by commercial aerospace original equipment manufacturers;
- our ability to successfully negotiate, or re-negotiate, future pricing under our supply agreements with Boeing, Airbus and other customers;
- the possibility that our cash flows may not be adequate for our additional capital needs;
- any reduction in our credit ratings;
- our ability to access the capital or credit markets to fund our liquidity needs, and the costs and terms of any additional financing;
- our ability to avoid or recover from cyber or other security attacks and other operations disruptions;
- legislative or regulatory actions, both domestic and foreign, impacting our operations, including the effect of changes in tax laws and rates and our ability to accurately calculate and estimate the effect of such changes;
- spending by the U.S. and other governments on defense;
- pension plan assumptions and future contributions;
- the effectiveness of our internal control over financial reporting;
- the outcome or impact of ongoing or future litigation, arbitration, claims, and regulatory actions or investigations, including our exposure to potential product liability and warranty claims;
- adequacy of our insurance coverage;
- our ability to continue selling certain receivables through supplier financing programs; and
- our ability to effectively integrate recent acquisitions, along with other acquisitions we pursue, and generate synergies and other cost savings therefrom, while avoiding unexpected costs, charges, expenses, and adverse changes to business relationships and business disruptions;
- the risks of doing business internationally, including fluctuations in foreign currency exchange rates, impositions of tariffs or embargoes, trade restrictions, compliance with foreign laws, and domestic and foreign government policies.

These factors are not exhaustive, and it is not possible for us to predict all factors that could cause actual results to differ materially from those reflected in our forward-looking statements. These factors speak only as of the date hereof, and new factors may emerge or changes to the foregoing factors may occur that could impact our business. As with any projection or forecast, these statements are inherently susceptible to uncertainty and changes in circumstances. Except to the extent required by law, we undertake no obligation to, and expressly disclaim any obligation to, publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. You should review carefully the section captioned “Risk Factors” in the 2022 Form 10-K for a more complete discussion of these and other factors that may affect our business.

**Item 3. *Quantitative and Qualitative Disclosures About Market Risk***

As a result of our operating and financing activities, we are exposed to various market risks that may affect our consolidated results of operations and financial position. These market risks include fluctuations in interest rates, which impact the amount of interest we must pay on our variable rate debt. In addition to other information set forth in this report, you should carefully consider the factors discussed in Item 7A. “Quantitative and Qualitative Disclosures About Market Risk” in our 2022 Form 10-K which could materially affect our business, financial condition, or results of operations. There have been no material changes in the Company’s market risk from the information provided under “Quantitative and Qualitative Disclosures About Market Risk” in Part II, Item 7A of the Company’s 2022 Form 10-K.

**Item 4. *Controls and Procedures***

**Evaluation of Disclosure Controls and Procedures**

Our President and Chief Executive Officer and Senior Vice President and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures as of September 28, 2023 and have concluded that these disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) are effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the Securities and Exchange Commission rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit is accumulated and communicated to management of the Company, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

**Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended September 28, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II — OTHER INFORMATION****Item 1. Legal Proceedings**

Information regarding any recent material development relating to our legal proceedings since the filing of our 2022 Form 10-K is included in Note 20 *Commitments, Contingencies and Guarantees* to our condensed consolidated financial statements included in Part I of this Quarterly Report and incorporated herein by reference.

**Item 1A. Risk Factors**

“Item 1A. Risk Factors” of our 2022 Form 10-K includes a discussion of our known material risk factors, other than risks that could apply to any issuer or offering. There have been no material changes from the risk factors described in our 2022 Form 10-K.

**Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities****Issuer Purchases of Equity Securities**

The following table provides information about our repurchases of our Common Stock that is registered pursuant to Section 12 of the Exchange Act during the three months ended September 28, 2023.

**ISSUER PURCHASES OF EQUITY SECURITIES**

Period <sup>(1)</sup>	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Repurchased Under the Plans or Programs <sup>(2)</sup>
(\$ in millions other than per share amounts)				
June 30, 2023 - August 3, 2023	1,041	\$29.58	—	\$925.0
August 4, 2023 - August 31, 2023	1,531	\$22.07	—	\$925.0
September 1, 2023 - September 28, 2023	894	\$17.68	—	\$925.0
Total	3,466	\$24.09	—	\$925.0

(1) 3,466 shares were transferred to us from employees in satisfaction of tax withholding obligations associated with the vesting of restricted stock awards under the Omnibus Plan. No purchases were made under our Board-approved share repurchase program.

(2) The total authorization amount remaining under the Company's Board-approved share repurchase program is \$925.0 million. Share repurchases are currently on hold. The Credit Agreement imposes additional restrictions on the Company's ability to repurchase shares.

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. Mine Safety Disclosures**

Not applicable



**Item 5. Other Information**

Certain of our officers or directors have made elections to participate in, and are participating in, our dividend reinvestment plan, employee stock purchase plan and 401(k) plan and have made, and may from time to time make, elections to have shares withheld to cover withholding taxes, which may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K).

During the quarter ended September 28, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated, or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

**Item 6. Exhibits**

Exhibit Number	Exhibit	Incorporated by Reference to the Following Documents
<a href="#">10.1*</a>	Amendment 38, dated July 10, 2023, to Special Business Provisions BCA-MS-65530-0019, dated June 16, 2005, between The Boeing Company and Spirit AeroSystems, Inc.	*
<a href="#">10.2*</a>	Amendment 6, dated July 10, 2023, to General Terms Agreement BCA-65530-0016, dated June 17, 2005, between The Boeing Company and Spirit AeroSystems, Inc.	*
<a href="#">10.3</a>	Memorandum of Agreement, dated as of October 12, 2023, by and between Spirit AeroSystems, Inc. and The Boeing Company.	Current Report on Form 8-K (File No. 001-33160), filed on October 18, 2023, Exhibit 10.1
<a href="#">10.4</a>	Separation Agreement and General Release, dated September 30, 2023, by and between Thomas C. Gentile III and Spirit AeroSystems, Inc.	Current Report on Form 8-K (File No. 001-33160), filed on October 2, 2023, Exhibit 10.1
<a href="#">10.5</a>	Employment Agreement, dated September 30, 2023, by and between Patrick M. Shanahan and Spirit AeroSystems, Inc.	Current Report on Form 8-K (File No. 001-33160), filed on October 2, 2023, Exhibit 10.2
<a href="#">31.1*</a>	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002.	*
<a href="#">31.2*</a>	Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002.	*
<a href="#">32.1**</a>	Certification of Chief Executive Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.	**
<a href="#">32.2**</a>	Certification of Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.	**
101.INS*	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	*
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.	*
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	*
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.	*
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.	*
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	
*	Filed herewith.	
**	Furnished herewith.	
†	Indicates management contract or compensation plan or arrangement	



**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SPIRIT AEROSYSTEMS HOLDINGS, INC.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Mark J. Suchinski</u> Mark J. Suchinski	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	November 1, 2023
<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Damon Ward</u> Damon Ward	Vice President, Corporate Controller (Principal Accounting Officer)	November 1, 2023

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [\*\*\*\*], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

AMENDMENT NUMBER 38

TO

Special Business Provisions (SBP) BCA-MS-65530-0019

BETWEEN

THE BOEING COMPANY

AND

SPIRIT AEROSYSTEMS, INC.

THIS AMENDMENT NUMBER 38 ("Amendment No. 38") to Special Business Provisions BCA-MS-65530-0019 is made as of the last date executed below (the "Effective Date") by and between Spirit AeroSystems, Inc., a Delaware corporation having its principal office in Wichita, Kansas ("Spirit") and The Boeing Company, a Delaware corporation, acting by and through its division, Boeing Commercial Airplanes ("Boeing"). Hereinafter, Spirit and Boeing may be referred to jointly as the "Parties".

BACKGROUND

- A. The Parties have entered into the General Terms Agreement, GTA BCA-65520-0032, dated June 16, 2005 as amended from time to time (the "GTA") and the Special Business Provisions, BCA-MS-65530-0019, dated June 16, 2005 as amended from time to time (the "SBP") and now desire to again amend the SBP.
- B. This Amendment No. 38 deletes SBP Section 12.4 "Electronic Access, Communications and Data Exchange Via Telecommunications" and replacing it in its entirety with a new SBP Section 12.4 "Electronic Access/Terms of Use" .

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, and for other good and valuable consideration, the value, receipt, and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

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1. The SBP is hereby amended by adding the SBP Table of Amendments Page 5, attached hereto as Exhibit 1.
2. The SBP is hereby amended by deleting SBP Section 12.4 "Electronic Access, Communications and Data Exchange Via Telecommunications" and replacing it in its entirety with a new SBP Section 12.4, attached hereto as Exhibit 2.
3. Entire Agreement. Except as otherwise indicated in this Amendment No. 38, all terms defined in the GTA or SBP shall have the same meanings when used in this Amendment No. 38. This Amendment No. 38 constitutes the complete and exclusive agreement between the Parties with respect to the subject matter of this Amendment No. 38, and this Amendment No. 38 supersedes all previous agreements between the Parties relating to the subject matter of Amendment No. 38, whether written or oral. The GTA and SBP shall remain in full force and effect and are not modified, revoked, or superseded except as specifically stated in this Amendment No. 38.

IN WITNESS WHEREOF, the duly authorized representatives of the Parties have executed this Amendment No. 35 as of the last date of execution set forth below.

**The Boeing Company**

Acting by and through its division  
Boeing Commercial Airplanes

By: /s/ Eugene Charnetskyi  
Name: Eugene Charnetskyi  
Title: Procurement Agent  
Date: 7/10/2023

**Spirit AeroSystems Inc.**

By: /s/ Krista Clark  
Name: Krista Clark  
Title: Manager, Boeing Contracts  
Date: 2/2/2023

AMENDMENTS

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Number	Description	Date	Approval
30	Annual Shipset Price Adjustment thru Line Number [****] 1. Updated SBP Section 7.2.1 and SBP Attachments 1 and 2	8/12/19	H. Langowski R. Grant
31	Configuration Control 1. Updated SBP Section 21 2. Added new Section 21.1 [****]	10/3/19	H. Langowski E. Bosler  H. Langowski R. Grant
32	Supply Chain Integration 1. Updated SBP Section 12.8 2. Added new Section 12.8.8 [****]	4/15/20	H. Langowski E. Bossler
33	Payment Terms 1. Updated SBP Section 5.2.1	1/19/21	H. Langowski R. Grant
34	Annual Shipset Price Adjustment thru Line Number [****] 1. Updated SBP Attachments 1 and 2 Boeing Performed Rework and Repair 1. Updated SBP Attachment 16 Section A	6/30/21	H. Langowski R. Grant  H. Langowski R. Grant
35	Annual Shipset Price Adjustment thru Line Number [****] 1. Updated SBP Attachments 1 and 2	12/22/21	H. Langowski R. Grant
36	Industry Assist at Boeing Repair Station(s) 1. Added new Section 8.3.1	2/9/22	E. Charnetskyi K. Clark
37	Annual Shipset Price Adjustment thru Line Number [****] 1. Updated SBP Attachments 1 and 2	8/24/22	
38	Electronic Access, Communications and Data Exchange Via Telecommunications 1. Updated SBP Section 12.4 "Electronic Access/Terms of Use"		

## 12.4 ELECTRONIC ACCESS/TERMS OF USE

The following provisions in this Section 12.4 set forth the requirements for Spirit's Electronic Access to the Boeing Systems.

### 12.4.1 Definitions

The definitions set forth below will only apply to this Section 12.4 (inclusive of all its subsections).

- A. "Access Controls" is defined as procedures, mechanisms, and/or measures that limit access to Boeing Systems to authorized persons or applications.
  - B. "Boeing Systems" is defined as any electronic information systems operated by Boeing or operated by a third party on behalf of Boeing, including without limitation: facilities, network communications systems, telecommunications systems, software, and applications.
  - C. "Contract" or "Agreement" used interchangeably means any agreement between Spirit and Boeing into which these Terms of Use of Boeing Electronic Systems ("ToU") are incorporated.
  - D. "Electronic Access" is defined as access by authorized Spirit Personnel to the Boeing Systems with the ability or the means necessary to read, write, modify, or communicate information, or otherwise use authorized system resources.
  - E. "Malware" means malicious computer software that interferes with normal computer functions or causes information leakage to unauthorized parties.
  - F. "Materials" means all information and data, text, graphics, animation, audio and/or digital video components that are stored or hosted by Spirit in relation to a Contract or that are accessible through Boeing Systems.
  - G. "Security Breach(es)" means any confirmed compromise of an information system, including accidental or unauthorized use, disclosure, destruction, loss, alteration, transmission, or access to Boeing Materials that are stored or otherwise processed by Spirit in relation to an Agreement.
  - H. "Spirit Personnel" is defined as any of Spirit's employees, contract labor, consultants, advisers, or other representatives who have a need to access the Boeing Systems for Spirit to perform under a Contract.
  - I. "Spirit Systems" is defined as any and all electronic information systems operated by Spirit or operated by a third party on behalf of Spirit, including without limitation: facilities, network communications systems and telecommunications
-



systems, inclusive of the software, applications, information and data contained therein.

- J. "Unauthorized Use" is defined as any use, reproduction, distribution, transfer, disposition, disclosure, possession, memory input, alteration, erasure, damage or other activity involving Materials, that is not expressly authorized under the ToU.

#### **12.4.2 Access Right**

Boeing grants to Spirit a limited, nontransferable, nonexclusive, revocable (at Boeing's discretion) right to access the Boeing Systems electronically solely during the term of a Contract and solely to the extent authorized in writing by Boeing in support of work to be performed by Spirit pursuant to a Contract. Without limiting the foregoing, Spirit Personnel shall not (i) knowingly introduce any Malware into Boeing Systems (whether through a laptop computer or other access device or otherwise); (ii) use the Boeing Systems for nonbusiness purposes including, without limitation, Unauthorized Use; and/or (iii) take actions calculated to disrupt Boeing Systems.

#### **12.4.3 Privacy and Right to Monitor**

Any communications or data transiting or stored on Boeing Systems may be monitored, intercepted, recorded, and searched at any time and for any lawful purpose, and may be used or disclosed as required by applicable law.

#### **12.4.4 Electronic Access Requirements**

Spirit may request, and Boeing may provide in its sole discretion for Spirit's support of the Contract, Electronic Access for Spirit Personnel on a "need to know" basis. When Electronic Access is provided to Spirit, these Section 4 terms apply:

##### **12.4.4.1 Accounts and Access Controls**

Prior to obtaining Electronic Access, authorized Spirit Personnel will be required to obtain from Boeing an Electronic Access account per individual, including Boeing Access Controls that may come from Boeing, third parties designated by Boeing or alternate controls subject to Boeing approval. Boeing reserves the right, without notice and in its sole discretion, to terminate and/or block the access of any individual or entity to the Boeing Systems. Spirit acknowledges that the Access Controls are for specific individual use of Spirit Personnel only, are not transferable, and shall be maintained in confidence by Spirit. Spirit shall:

- (i) ensure that all Spirit Personnel review and agree to abide by this ToU prior to being granted Electronic Access;
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- (ii) assign a single focal to initiate requests for Electronic Access for Spirit Personnel and maintain records of Spirit Personnel granted electronic access, available for validation upon request of Boeing;
- (iii) prevent the loss, disclosure, reverse engineering, sharing with unauthorized Spirit Personnel or compromise of Access Controls;
- (iv) be responsible for the acts and omissions of all Spirit Personnel with respect to their Electronic Access, including without limitation, Spirit Personnel's use or disclosure of Proprietary Information and Materials obtained through such Electronic Access, or Spirit Personnel's actions while in possession of such Proprietary Information and Materials;
- (v) promptly notify Boeing if any Access Control has been compromised;
- (vi) review at least every three (3) months each Spirit Personnel's Electronic Access requirements; and
- (vii) promptly submit a written request with name and BEMS ID(s) to Boeing to terminate Electronic Access upon any reassignment resulting in Spirit Personnel no longer needing Electronic Access and upon resignation, or termination of any Spirit Personnel with Electronic Access.

#### 12.4.4.2 Spirit System Protection

Prior to connecting to Boeing's internal network (either directly at Boeing's site, remotely via SSLVPN or connect.boeing.com, or other secure method approved by Boeing), Spirit shall take reasonable steps to protect the confidentiality, integrity and availability of Boeing Systems and information by implementing and maintaining industry best practice controls on all Spirit equipment used to connect to Boeing Systems including, without limitation:

- (i) Patched and current operating systems and applications shall be evaluated for compatibility and mitigate negative potential impacts to the production system – Spirit shall subscribe to and apply the vendor's relevant updates;
  - (ii) Anti-malware – Spirit devices shall have up-to-date anti-virus protection running with the latest signature files;
  - (iii) Intrusion Detection/Prevention Technology – Spirit shall use intrusion detection/prevention technology to manage current versions of software, signature files, and firewall configurations to limit ports/protocols to only those necessary;
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- (iv) Access Controls – Spirit shall use an account and password or token and PIN to access or unlock computing devices; and
- (v) Encryption - Whole disk or file and folder encryption shall be used to protect Materials that are being stored locally on the Spirit's mobile devices.

#### 12.4.4.3 Virtual Office Work

Spirit Personnel may access Boeing Systems virtually provided Spirit Personnel access through the Spirit network.

### **12.4.5 Export Control (U.S. Trade Control)**

12.4.5.1 In order to comply with applicable U.S. export control statutes and regulations, Boeing shall be required to obtain information concerning identity and citizenship, including dual or third country national status, if applicable, or place of birth of Spirit Personnel with Electronic Access. Where access is granted, Spirit shall be responsible for obtaining all export authorizations required, including where applicable, export authorizations related for Spirit Personnel. If, related to Electronic Access, export authorization(s) are required to allow such Spirit Personnel to perform the work to which he or she is assigned, Spirit must obtain such authorizations and Spirit shall comply with any additional export control restrictions as required by applicable U.S. export control statutes and regulations.

12.4.5.2 TECHNICAL DATA AND SOFTWARE ACCESSED FROM BOEING ELECTRONIC SYSTEMS MAY BE SUBJECT TO UNITED STATES GOVERNMENT EXPORT CONTROL REGULATIONS IN ACCORDANCE WITH THE DEPARTMENT OF STATE, INTERNATIONAL TRAFFIC IN ARMS REGULATIONS ("ITAR"), OR DEPARTMENT OF COMMERCE, EXPORT ADMINISTRATION REGULATION ("EAR"), AND MAY NOT BE EXPORTED, RELEASED OR DISCLOSED TO FOREIGN PERSONS, WHETHER LOCATED INSIDE OR OUTSIDE THE U.S. WITHOUT PRIOR APPROVAL FROM THE U.S. GOVERNMENT. VIOLATIONS OF EXPORT LAWS INVOKE SEVERE FINES AND PENALTIES FOR BOTH INDIVIDUALS AND THE COMPANIES THEY REPRESENT.

### **12.4.6 Export Control (Non-U.S. Trade Control)**

12.4.6.1 In order to comply with applicable international trade control statutes and regulations, Boeing shall be required to obtain information concerning identity and citizenship, including dual or third country

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national status, if applicable, or place of birth of Spirit Personnel with Electronic Access. Where access is granted, Spirit shall be responsible for obtaining all trade control authorizations required, where applicable, for all Spirit Personnel, including to allow such Spirit Personnel permission to perform the work assigned, and Spirit shall comply with any additional trade control restrictions as required by applicable jurisdiction export control statutes and regulations.

12.4.6.2 TECHNICAL DATA AND SOFTWARE ACCESSED FROM BOEING ELECTRONIC SYSTEMS MAY BE SUBJECT TO GOVERNMENT TRADE CONTROLS IN ACCORDANCE WITH IMPORT AND EXPORT REGULATIONS IN AFFECTED JURISDICTIONS AND MAY NOT BE IMPORTED, EXPORTED, RELEASED OR DISCLOSED TO UNAUTHORIZED PERSONS, WITHOUT PRIOR APPROVAL FROM THE AFFECTED GOVERNMENT. VIOLATIONS OF TRADE CONTROL LAWS INVOKE SEVERE FINES AND PENALTIES FOR BOTH INDIVIDUALS AND THE COMPANIES THEY REPRESENT.

#### **12.4.7 Spirit Security Controls**

Spirit shall implement and maintain reasonable controls to prevent any Unauthorized Use, Security Breaches, or loss of Materials. Without limiting the foregoing, Spirit shall:

- (i) have implemented for Spirit Systems a policy that adopts Information Security Management principles in accordance with NIST 800-53;
  - (ii) implement and maintain security controls no less comprehensive than either of the latest two versions of the CIS Controls for Effective Cyber Defense as found at <https://www.cisecurity.org/critical-controls.cfm>;
  - (iii) comply with Boeing requirements in the use of and strength of encryption, but use no less than that required by law, regulation, or government standard, based on the sensitivity of the Materials involved in the Contract;
  - (iv) perform background checks on Spirit Personnel;
  - (v) provide Spirit Personnel with current and relevant security education with respect to their obligations hereunder; and
  - (vi) use at least the same effort that Spirit uses to protect its own proprietary and confidential information, and in no event less than a reasonable amount of effort, to enforce Spirit's obligations under this Section 12.4.7 against current and former employees.
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#### **12.4.8 Information Security Assessments**

- 12.4.8.1 Within thirty (30) days of the effective date of the ToU, Spirit shall (i) contact Boeing Information Security at [suppliercybersecurity@boeing.com](mailto:suppliercybersecurity@boeing.com) for access to the Exostar Cybersecurity Questionnaire (“CSQ”) described at [www.exostar.com/PIM/Cybersecurity](http://www.exostar.com/PIM/Cybersecurity); (ii) complete the CSQ; and (iii) authorize Boeing to review any CSQ completed by Spirit.
- 12.4.8.2 Spirit grants Boeing, and its authorized representatives, permission to view, reports, records, procedures, and information related to or about the security of Spirit Systems, once per calendar year or within one hundred eighty (180) days of a Security Breach involving Boeing Materials and with reasonable advance notice, in order to assess Spirit’s compliance with this ToU (“Assessment”).
- 12.4.8.3 If (i) Boeing determines in connection with any Assessment that a material vulnerability exists in the Spirit facilities or the Spirit Systems or that Spirit has otherwise failed to perform any of its obligations under the ToU; and (ii) Boeing notifies Spirit in writing of such vulnerability or Spirit’s breach of the ToU, then Spirit shall promptly develop a corrective action plan. Any such corrective action plan shall be created in cooperation with Boeing and is subject to Boeing’s written approval, not to be unreasonably withheld, conditioned, or delayed. Spirit shall implement the corrective action plan at its sole expense.

#### **12.4.9 Prohibited Use**

Spirit hereby warrants, that except in support of products or services provided under a Contract (or unless otherwise specifically authorized in writing by Boeing) that Spirit and Spirit’s Personnel shall not:

- (i) Export or save any Materials from the Boeing Systems;
  - (ii) Make any derivative uses of Boeing Systems or Materials;
  - (iii) Use any malicious or unauthorized “data mining,” robots, or similar data gathering and extraction methods;
  - (iv) Use any frame or framing techniques to enclose any Materials provided or found on the Boeing Systems;
  - (v) Allow use of an assigned access credential by any person not specifically associated to that credential;
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- (vi) Access or attempt to access any Boeing Materials;
- (vii) Access or attempt to access any restricted portions of a Boeing Systems;
- (viii) Remove any restrictive markings from Boeing Materials;
- (ix) Access the Boeing Systems through any mechanism other than the authorized Access Controls.

#### **12.4.10 Security Event and Breach Notification**

Spirit hereby represents, warrants and covenants that it is and shall remain in compliance with all applicable laws that require notification of Security Breaches.

12.4.10.1 Spirit will assign a Spirit information security focal to coordinate with Boeing regarding Security Events (defined herein as investigation required beyond normal log monitoring) or confirmed Security Breaches.

12.4.10.2 For any Security Breach, Spirit shall promptly notify Boeing of such Security Breach and notify Boeing of Boeing Materials involved, if known.

12.4.10.3 If Boeing's Materials were in the possession of Spirit when Spirit discovers or is notified of a Security Breach, Spirit shall:

- (i) investigate and take reasonable steps to cure the Security Breach;
- (ii) except with respect to Security Breaches that were caused by Boeing, provide Boeing with a mutually agreeable mitigation action plan;
- (iii) take any other reasonable steps related to the incident as mutually determined by Spirit and Boeing;  
and
- (iv) assist Boeing in investigating, remedying, and taking any other mutually agreed action Boeing reasonably deems necessary to address such Security Breach, including related to any dispute, inquiry, or claim related to such Security Breach.

12.4.10.4 Spirit shall make the notification required in this Section 12.4.10 by promptly complying with the notice requirements in the Contract, and sending an email message to [abuse@Boeing.com](mailto:abuse@Boeing.com) setting forth the information required in this Section 12.4.10. The Spirit shall copy the Boeing procurement agent on all related email notifications.

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12.4.10.5 Any material breach of this Section 12.4.10 by Spirit may be considered a default for which Boeing may suspend or revoke Electronic Access.

12.4.10.6 Spirit acknowledges that any attempts by Spirit or any Spirit Personnel to circumvent any security measures designed to prevent unauthorized access to the Boeing Systems may be subject to criminal or civil penalties under the U.S. Federal Computer Fraud and Abuse Act and other applicable laws and regulations. In addition to any other remedy available to Boeing under the Contract, or available to Boeing under law or equity, Spirit and Boeing hereby agree that Boeing shall be entitled to injunctive relief because a breach of any provision related to Electronic Access may result in irreparable harm to Boeing or its affiliates, for which monetary damages may not provide a sufficient remedy.

#### **12.4.11 Spirit Software/Code Security**

Spirit Software/Code Security applies to all forms of Cyber Services where Code is provided for use on Boeing Systems. Spirit agrees that:

- (i) Spirit shall not deliver any Code to Boeing prior to the code assessment completion;
  - (ii) Spirit shall conduct assessments natively within application development tools to ensure code defects are detected and addressed for all code, software, and applets delivered to Boeing;
  - (iii) Spirit shall not deliver Code containing defects that exceed a Common Vulnerability Scoring System (CVSS), score of medium or higher;
  - (iv) Spirit shall begin remediation of Spirit Code defects from time of either self-discovery, public disclosure, or Boeing notification to Spirit, whichever occurs first.
  - (v) Security defects discovered after initial product delivery are remediated for the life of the software contract using the following timelines or by an alternative timeframe approved in writing by Boeing:
    - seventy two (72) hours to deliver patch for any CVSS score of critical
    - seventy two (72) hours to deliver patch for any critical Remote Code Execution (RCE) vulnerability
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- thirty (30) days to deliver patch for vulnerability of CVSS score of high

#### **12.4.12 Warranty Disclaimer**

**SPIRIT EXPRESSLY AGREES THAT BOEING MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RELIABILITY OF ELECTRONIC ACCESS. BOEING SHALL HAVE NO OBLIGATION OR LIABILITY ARISING IN CONTRACT (INCLUDING WARRANTY) OR TORT FOR LOSS OF USE, REVENUE OR PROFIT OR FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING FROM LACK OF ACCESS TO OR INTERRUPTION IN SERVICE OF THE BOEING SYSTEMS. THIS PROVISION SHALL SURVIVE TERMINATION OR CANCELLATION OF THIS AGREEMENT.**

12.4.12.1 For the purpose of this Section 12.4, "Boeing" includes The Boeing Company, its divisions, subsidiaries, the assignees of each, subcontractors, suppliers and affiliates, and their respective directors, officers, employees and agents."



CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [\*\*\*\*], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

AMENDMENT NUMBER 6  
TO  
GENERAL TERMS AGREEMENT  
BCA-65530-0016  
BETWEEN  
THE BOEING COMPANY  
AND  
SPIRIT AEROSYSTEMS, INC.

This Amendment Number 6 (“**Amendment No. 6**”) to General Terms Agreement BCA-65530-0016 is entered into, as of the date of the last signature below, between The Boeing Company, a Delaware Corporation (“**Boeing**”), and SPIRIT AEROSYSTEMS, INC, a Delaware Corporation with its principal office in Wichita, Kansas (“**Seller**”). Boeing and Seller sometimes are referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

RECITALS

- A. The Parties entered into General Terms Agreement BCA-65530-0016 (“GTA”) on June 17, 2005.
  - B. The most recent amendment to the GTA is Amendment No. 5, entered into on January 30, 2022.
  - C. The Parties wish to amend the GTA as set forth herein.
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NOW THEREFORE, the Parties agree as follows:

1. Agreement:

- 1.1 The GTA is hereby amended by deleting the existing GTA Table of Amendments in its entirety and replacing it with a new Table of Amendments as follows:

"AMENDMENTS

<u>Number</u>	<u>Description</u>	<u>Date</u>	<u>Approval</u>
1	Incorporate name change from Mid-Western Aircraft Systems Inc. to Spirit AeroSystems Incorporated. Added effective date of June 17, 2005 to agreement, and to sections 12.3 and 16.0.	4/1/06	H. McCormick R. Stone
2	Added Section 40.0 Electronic Access	3/4/11	J. Bayer M. Milan
3	Replaced Section 8.5 Retention of Records, Section 11.3 Import/Export, and Section 21.5 Environmental Health and Safety Performance	1/30/14	J. Ray M. Milan
4	Replaced Section 21.2 and added Section 41.0	1/18/21	K. Doolin E. Bossler
5	Added Section 8.3.1 Industry Assist at Boeing Repair Station(s)	1/30/22	J. Aguiar L. Hampton
6	Replaced Sectioned 40.0 Electronic Access		K. Shipley K. Clark

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- 1.2 The GTA is hereby amended by deleting and replacing in its entirety GTA Section **40.0 ELECTRONIC ACCESS** as follows:

**“40.0 ELECTRONIC ACCESS/TERMS OF USE**

The following provisions in this Section 40.0 set forth the requirements for Seller's Electronic Access to the Boeing Systems.

**40.1 Definitions**

The definitions set forth below will only apply to this Section 40.0 (inclusive of all its subsections).

- A. “Access Controls” is defined as procedures, mechanisms, and/or measures that limit access to Boeing Systems to authorized persons or applications.
  - B. “Boeing Systems” is defined as any electronic information systems operated by Boeing or operated by a third party on behalf of Boeing, including without limitation: facilities, network communications systems, telecommunications systems, software, and applications.
  - C. “Contract” or “Agreement” used interchangeably means any agreement between Seller and Boeing into which these Terms of Use of Boeing Electronic Systems (“ToU”) are incorporated.
  - D. “Electronic Access” is defined as access by authorized Seller Personnel to the Boeing Systems with the ability or the means necessary to read, write, modify, or communicate information, or otherwise use authorized system resources.
  - E. “Malware” means malicious computer software that interferes with normal computer functions or causes information leakage to unauthorized parties.
  - F. “Materials” means all information and data, text, graphics, animation, audio and/or digital video components that are stored or hosted by Seller in relation to a Contract or that are accessible through Boeing Systems.
  - G. “Security Breach(es)” means any confirmed compromise of an information system, including accidental or unauthorized use, disclosure, destruction, loss, alteration, transmission, or access to Boeing Materials that are stored or otherwise processed by Seller in relation to an Agreement.
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- H. "Seller Personnel" is defined as any of Seller's employees, contract labor, consultants, advisers, or other representatives who have a need to access the Boeing Systems for Seller to perform under a Contract.
- I. "Seller Systems" is defined as any and all electronic information systems operated by Seller or operated by a third party on behalf of Seller, including without limitation: facilities, network communications systems and telecommunications systems, inclusive of the software, applications, information and data contained therein.
- J. "Unauthorized Use" is defined as any use, reproduction, distribution, transfer, disposition, disclosure, possession, memory input, alteration, erasure, damage or other activity involving Materials, that is not expressly authorized under the ToU.

#### **40.2 Access Right**

Boeing grants to Seller a limited, nontransferable, nonexclusive, revocable (at Boeing's discretion) right to access the Boeing Systems electronically solely during the term of a Contract and solely to the extent authorized in writing by Boeing in support of work to be performed by Seller pursuant to a Contract. Without limiting the foregoing, Seller Personnel shall not (i) knowingly introduce any Malware into Boeing Systems (whether through a laptop computer or other access device or otherwise); (ii) use the Boeing Systems for nonbusiness purposes including, without limitation, Unauthorized Use; and/or (iii) take actions calculated to disrupt Boeing Systems.

#### **40.3 Privacy and Right to Monitor**

Any communications or data transiting or stored on Boeing Systems may be monitored, intercepted, recorded, and searched at any time and for any lawful purpose, and may be used or disclosed as required by applicable law.

#### **40.4 Electronic Access Requirements**

Seller may request, and Boeing may provide in its sole discretion for Seller's support of the Contract, Electronic Access for Seller Personnel on a "need to know" basis. When Electronic Access is provided to Seller, these Section 4 terms apply:

##### **40.4.1 Accounts and Access Controls**

Prior to obtaining Electronic Access, authorized Seller Personnel will be required to obtain from Boeing an Electronic Access account per individual, including Boeing Access Controls that may come from Boeing, third parties designated by Boeing or alternate controls subject to Boeing approval. Boeing reserves the right, without notice and in its sole discretion, to terminate and/or block the

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access of any individual or entity to the Boeing Systems. Seller acknowledges that the Access Controls are for specific individual use of Seller Personnel only, are not transferable, and shall be maintained in confidence by Seller. Seller shall:

- (i) ensure that all Seller Personnel review and agree to abide by this ToU prior to being granted Electronic Access;
- (ii) assign a single focal to initiate requests for Electronic Access for Seller Personnel and maintain records of Seller Personnel granted electronic access, available for validation upon request of Boeing;
- (iii) prevent the loss, disclosure, reverse engineering, sharing with unauthorized Seller Personnel or compromise of Access Controls;
- (iv) be responsible for the acts and omissions of all Seller Personnel with respect to their Electronic Access, including without limitation, Seller Personnel's use or disclosure of Proprietary Information and Materials obtained through such Electronic Access, or Seller Personnel's actions while in possession of such Proprietary Information and Materials;
- (v) promptly notify Boeing if any Access Control has been compromised;
- (vi) review at least every [\*\*\*\*] each Seller Personnel's Electronic Access requirements; and
- (vii) promptly submit a written request with name and BEMS ID(s) to Boeing to terminate Electronic Access upon any reassignment resulting in Seller Personnel no longer needing Electronic Access and upon resignation, or termination of any Seller Personnel with Electronic Access.

#### 40.4.2 Seller System Protection

Prior to connecting to Boeing's internal network (either directly at Boeing's site, remotely via SSLVPN or [\*\*\*\*], or other secure method approved by Boeing), Seller shall take reasonable steps to protect the confidentiality, integrity and availability of Boeing Systems and information by implementing and maintaining industry best practice controls on all Seller equipment used to connect to Boeing Systems including, without limitation:

- (i) Patched and current operating systems and applications shall be evaluated for compatibility and mitigate negative potential impacts to the production system – Seller shall subscribe to and apply the vendor's relevant updates;
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- (ii) Anti-malware – Seller devices shall have up-to-date anti-virus protection running with the latest signature files;
- (iii) Intrusion Detection/Prevention Technology – Seller shall use intrusion detection/prevention technology to manage current versions of software, signature files, and firewall configurations to limit ports/protocols to only those necessary;
- (iv) Access Controls – Seller shall use an account and password or token and PIN to access or unlock computing devices; and
- (v) Encryption - Whole disk or file and folder encryption shall be used to protect Materials that are being stored locally on the Seller's mobile devices.

#### 40.4.3 Virtual Office Work

Seller Personnel may access Boeing Systems virtually provided Seller Personnel access through the Seller network.

#### 40.4.4 Export Control (U.S. Trade Control)

40.4.4.1 In order to comply with applicable U.S. export control statutes and regulations, Boeing shall be required to obtain information concerning identity and citizenship, including dual or third country national status, if applicable, or place of birth of Seller Personnel with Electronic Access. Where access is granted, Seller shall be responsible for obtaining all export authorizations required, including where applicable, export authorizations related for Seller Personnel. If, related to Electronic Access, export authorization(s) are required to allow such Seller Personnel to perform the work to which he or she is assigned, Seller must obtain such authorizations and Seller shall comply with any additional export control restrictions as required by applicable U.S. export control statutes and regulations.

40.4.4.2 TECHNICAL DATA AND SOFTWARE ACCESSED FROM BOEING ELECTRONIC SYSTEMS MAY BE SUBJECT TO UNITED STATES GOVERNMENT EXPORT CONTROL REGULATIONS IN ACCORDANCE WITH THE DEPARTMENT OF STATE, INTERNATIONAL TRAFFIC IN ARMS REGULATIONS ("ITAR"), OR DEPARTMENT OF COMMERCE, EXPORT ADMINISTRATION REGULATION ("EAR"), AND MAY NOT BE EXPORTED, RELEASED OR DISCLOSED TO FOREIGN PERSONS, WHETHER LOCATED INSIDE OR OUTSIDE THE U.S. WITHOUT PRIOR APPROVAL FROM THE U.S. GOVERNMENT. VIOLATIONS OF EXPORT LAWS INVOKE

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SEVERE FINES AND PENALTIES FOR BOTH INDIVIDUALS AND THE COMPANIES THEY REPRESENT.

40.4.5 Export Control (Non-U.S. Trade Control)

40.4.5.1 In order to comply with applicable international trade control statutes and regulations, Boeing shall be required to obtain information concerning identity and citizenship, including dual or third country national status, if applicable, or place of birth of Seller Personnel with Electronic Access. Where access is granted, Seller shall be responsible for obtaining all trade control authorizations required, where applicable, for all Seller Personnel, including to allow such Seller Personnel permission to perform the work assigned, and Seller shall comply with any additional trade control restrictions as required by applicable jurisdiction export control statutes and regulations.

40.4.5.2 TECHNICAL DATA AND SOFTWARE ACCESSED FROM BOEING ELECTRONIC SYSTEMS MAY BE SUBJECT TO GOVERNMENT TRADE CONTROLS IN ACCORDANCE WITH IMPORT AND EXPORT REGULATIONS IN AFFECTED JURISDICTIONS AND MAY NOT BE IMPORTED, EXPORTED, RELEASED OR DISCLOSED TO UNAUTHORIZED PERSONS, WITHOUT PRIOR APPROVAL FROM THE AFFECTED GOVERNMENT. VIOLATIONS OF TRADE CONTROL LAWS INVOKE SEVERE FINES AND PENALTIES FOR BOTH INDIVIDUALS AND THE COMPANIES THEY REPRESENT.

**40.5 Seller Security Controls**

Seller shall implement and maintain reasonable controls to prevent any Unauthorized Use, Security Breaches, or loss of Materials. Without limiting the foregoing, Seller shall:

- (i) have implemented for Seller Systems a policy that adopts Information Security Management principles in accordance with [\*\*\*\*];
  - (ii) implement and maintain security controls no less comprehensive than either of the latest two versions of the [\*\*\*\*] as found at [\*\*\*\*];
  - (iii) comply with Boeing requirements in the use of and strength of encryption, but use no less than that required by law, regulation, or government standard, based on the sensitivity of the Materials involved in the Contract;
  - (iv) perform background checks on Seller Personnel;
  - (v) provide Seller Personnel with current and relevant security education with respect to their obligations hereunder; and
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- (vi) use at least the same effort that Seller uses to protect its own proprietary and confidential information, and in no event less than a reasonable amount of effort, to enforce Seller's obligations under this Section 40.5 against current and former employees.

#### **40.6 Information Security Assessments**

- 40.6.1 Within thirty (30) days of the effective date of the ToU, Seller shall (i) contact Boeing Information Security at [\*\*\*\*] for access to the [\*\*\*\*] described at [\*\*\*\*]; (ii) complete the [\*\*\*\*]; and (iii) authorize Boeing to review any [\*\*\*\*] completed by Seller.
- 40.6.2 Seller grants Boeing, and its authorized representatives, permission to view, reports, records, procedures, and information related to or about the security of Seller Systems, once per calendar year or within one hundred eighty (180) days of a Security Breach involving Boeing Materials and with reasonable advance notice, in order to assess Seller's compliance with this ToU ("Assessment").
- 40.6.3 If (i) Boeing determines in connection with any Assessment that a material vulnerability exists in the Seller facilities or the Seller Systems or that Seller has otherwise failed to perform any of its obligations under the ToU; and (ii) Boeing notifies Seller in writing of such vulnerability or Seller's breach of the ToU, then Seller shall promptly develop a corrective action plan. Any such corrective action plan shall be created in cooperation with Boeing and is subject to Boeing's written approval, not to be unreasonably withheld, conditioned, or delayed. Seller shall implement the corrective action plan at its sole expense.

#### **40.7 Prohibited Use**

Seller hereby warrants, that except in support of products or services provided under a Contract (or unless otherwise specifically authorized in writing by Boeing) that Seller and Seller's Personnel shall not:

- (i) Export or save any Materials from the Boeing Systems;
  - (ii) Make any derivative uses of Boeing Systems or Materials;
  - (iii) Use any malicious or unauthorized "data mining," robots, or similar data gathering and extraction methods;
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- (iv) Use any frame or framing techniques to enclose any Materials provided or found on the Boeing Systems;
- (v) Allow use of an assigned access credential by any person not specifically associated to that credential;
- (vi) Access or attempt to access any Boeing Materials;
- (vii) Access or attempt to access any restricted portions of a Boeing Systems;
- (viii) Remove any restrictive markings from Boeing Materials;
- (ix) Access the Boeing Systems through any mechanism other than the authorized Access Controls.

#### **40.8 Security Event and Breach Notification**

Seller hereby represents, warrants and covenants that it is and shall remain in compliance with all applicable laws that require notification of Security Breaches.

- 40.8.1 Seller will assign a Seller information security focal to coordinate with Boeing regarding Security Events (defined herein as investigation required beyond normal log monitoring) or confirmed Security Breaches.
  - 40.8.2 For any Security Breach, Seller shall promptly notify Boeing of such Security Breach and notify Boeing of Boeing Materials involved, if known.
  - 40.8.3 If Boeing's Materials were in the possession of Seller when Seller discovers or is notified of a Security Breach, Seller shall:
    - (i) investigate and take reasonable steps to cure the Security Breach;
    - (ii) except with respect to Security Breaches that were caused by Boeing, provide Boeing with a mutually agreeable mitigation action plan;
    - (iii) take any other reasonable steps related to the incident as mutually determined by Seller and Boeing; and
    - (iv) assist Boeing in investigating, remedying, and taking any other mutually agreed action Boeing reasonably deems necessary to
-

address such Security Breach, including related to any dispute, inquiry, or claim related to such Security Breach.

- 40.8.4 Seller shall make the notification required in this Section 40.8 by promptly complying with the notice requirements in the Contract, and sending an email message to [abuse@Boeing.com](mailto:abuse@Boeing.com) setting forth the information required in this Section 40.8. The Seller shall copy the Boeing procurement agent on all related email notifications.
- 40.8.5 Any material breach of this Section 40.8 by Seller may be considered a default for which Boeing may suspend or revoke Electronic Access.
- 40.8.6 Seller acknowledges that any attempts by Seller or any Seller Personnel to circumvent any security measures designed to prevent unauthorized access to the Boeing Systems may be subject to criminal or civil penalties under the U.S. Federal Computer Fraud and Abuse Act and other applicable laws and regulations. In addition to any other remedy available to Boeing under the Contract, or available to Boeing under law or equity, Seller and Boeing hereby agree that Boeing shall be entitled to injunctive relief because a breach of any provision related to Electronic Access may result in irreparable harm to Boeing or its affiliates, for which monetary damages may not provide a sufficient remedy.

#### **40.9 Seller Software/Code Security**

Seller Software/Code Security applies to all forms of cyber services where code is provided for use on Boeing Systems. Seller agrees that:

- (i) Seller shall not deliver any code to Boeing prior to the code assessment completion;
  - (ii) Seller shall conduct assessments natively within application development tools to ensure code defects are detected and addressed for all code, software, and applets delivered to Boeing;
  - (iii) Seller shall not deliver code containing defects that exceed a [\*\*\*\*], score of [\*\*\*\*] or [\*\*\*\*];
  - (iv) Seller shall begin remediation of Seller code defects from time of either self-discovery, public disclosure, or Boeing notification to Seller, whichever occurs first.
-

- (v) Security defects discovered after initial product delivery are remediated for the life of the software contract using the following timelines or by an alternative timeframe approved in writing by Boeing:
- [\*\*\*\*] to deliver patch for any [\*\*\*\*] score of [\*\*\*\*]
  - [\*\*\*\*] to deliver patch for any [\*\*\*\*] vulnerability
  - [\*\*\*\*] to deliver patch for vulnerability of [\*\*\*\*] score of [\*\*\*\*]

#### ***40.10 Warranty Disclaimer***

**SELLER EXPRESSLY AGREES THAT BOEING MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RELIABILITY OF ELECTRONIC ACCESS. BOEING SHALL HAVE NO OBLIGATION OR LIABILITY ARISING IN CONTRACT (INCLUDING WARRANTY) OR TORT FOR LOSS OF USE, REVENUE OR PROFIT OR FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING FROM LACK OF ACCESS TO OR INTERRUPTION IN SERVICE OF THE BOEING SYSTEMS. THIS PROVISION SHALL SURVIVE TERMINATION OR CANCELLATION OF THIS AGREEMENT.**

40.10.1 For the purpose of this Section 40.10, "Boeing" includes The Boeing Company, its divisions, subsidiaries, the assignees of each, subcontractors, suppliers and affiliates, and their respective directors, officers, employees and agents."

#### **2. Miscellaneous.**

2.1 All other provisions of the GTA shall remain unchanged and in full force and effect.

2.2 This Amendment No. 6 constitutes the complete and exclusive agreement between the Parties with respect to the subject matter hereof and cancels and supersedes all previous agreements between the Parties relating thereto, whether written or oral.

#### **3. Governing Law.**

This Amendment No. 6 shall be governed by the internal laws of the State of Washington without reference to any rules governing conflict of laws.

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EXECUTED in duplicate as of the last date set forth below by the duly authorized representatives of the Parties.  
THE BOEING COMPANY  
BOEING COMMERCIAL AIRPLANES

SPIRIT AEROSYSTEMS INC.

Signature: /s/ Kelly Shipley

Signature: /s/ Krista K Clark

Printed Name: Kelly Shipley

Printed Name: Krista K Clark

Title: Procurement Agent

Title: Manager, Boeing Contracts

Date: 7/10/2023

Date: 2/2/2023

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [\*\*\*\*], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

## MEMORANDUM OF AGREEMENT

between

THE BOEING COMPANY

and

SPIRIT AEROSYSTEMS, INC.

This MEMORANDUM OF AGREEMENT (**MOA**) is effective as of October 12, 2023 (**Effective Date**) by and between The Boeing Company (**Boeing**), a Delaware corporation, and Spirit AeroSystems, Inc. (**Spirit**), a Delaware corporation. Boeing and Spirit sometimes are referred to herein individually as a **Party** and collectively as the **Parties**.

### RECITALS

- A. The Parties have been in discussions regarding, among other things, pricing and other terms and conditions pertaining to the 737 and 787 programs.
- B. The Parties wish to memorialize their agreement on these matters in this MOA, in accordance with the terms set forth below.

### AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. Capitalized Terms. Capitalized terms used and not otherwise defined in this MOA will have the meanings ascribed thereto in SBP MS-65530-0016 (**Sustaining SBP**), SBP MS-65530-0019 (**787 SBP**), GTA BCA-65530-0016 (**Sustaining GTA**), GTA BCA-65520-0032 (**787 GTA**), AA-65530-0010 (**Sustaining AA**), and AA-65520-0026 (**787 AA**) (collectively, the **Agreements**).
  2. Definitive Documentation. The Parties will negotiate in good faith and execute, on or before November 17, 2023, such amendments to the Agreements and other
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documents as are necessary to implement the agreements set forth in this MOA (**Definitive Documentation**).

3. Spirit Board Approval. This MOA is subject to approval by Spirit's board of directors. If, for any reason, Spirit's board does not approve this MOA in its entirety on or before October 19, 2023, all agreements set forth in this MOA are null and void as if this MOA had never been executed.
4. Master Schedules. Spirit acknowledges and affirms its obligations as set forth in the Agreements to support its recovery plans and Boeing-issued master schedules, including the associated rate breaks issued in accordance with the terms of the Agreements, and subject to the Excusable Delay provisions of the respective Agreements.

Spirit will demonstrate rate readiness prior to all rate breaks in accordance with the terms of the Agreements, and will submit rate-readiness plans to Boeing that will address Spirit's plans for staffing, training, supply chain readiness, factory capacity, and other appropriate elements as reasonably requested by Boeing.

5. Stability Plan. Spirit will create and implement, to Boeing's satisfaction, an operational stability plan that:
  - a. demonstrates reductions in nonconformances, foreign object debris, customer sensitive items, significant repair log items, and sub tier shortages;
  - b. increases staffing (as jointly agreed) in support functions, including engineering, quality, lean, and supply chain;
  - c. provides maintenance plans for all major equipment and facilities;
  - d. provides work transfer plans (as required by the Agreements) that include key milestones and demonstrate qualified and capable rate performance prior to full reliance on any new supplier; and
  - e. provides jointly-coordinated buffer-stock plans (which may include ship in place) for all programs (including two weeks' worth of finished goods for 737).

The Parties will work in good faith to mutually agree to targets for each of the measures contemplated in subsections (a) and (b) of this Section 5 by no later than November 17, 2023.

6. Supply Chain Health. The Parties agree to work together on systemic, rate constraining, and shared supply chain challenges. Prior to the end of calendar year 2023, the Parties will jointly establish a collaborative working team and agreed-to
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cadence with a shared objective to monitor and mitigate risk and strengthen a supply chain capable of meeting Boeing's future desired production rates.

7. 787 Recurring Price. Boeing will pay Spirit \$[\*\*\*\*] via incremental 787 recurring Shipset Price increases effective at LN 1164 through LN 1605. The per Shipset Price shall be rate variable and as set forth in Table 7.1 below. Without in any way altering or delaying Boeing's obligation to pay the \$[\*\*\*\*] and Spirit's right to receive the \$[\*\*\*\*], as part of the Definitive Documentation, the Parties will jointly determine the allocation of the per Shipset Price increases for each associated End Item Assembly.

**Table 7.1**

APM	All Minor Models	All Minor Models	787-8	787-9	787-10
	LN 1164 – 12/31/2025	1/1/2026 – LN 1605	LN 1606 – LN 2205	LN 1606 – LN 2205	LN 1606 – LN 2205
0 – 4.9	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
5 – 7.9	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
8 – 9.9	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]
10+	\$[****]	\$[****]	\$[****]	\$[****]	\$[****]

No later than 10 business days after execution of the Definitive Documentation, Boeing will amend any outstanding purchase orders as necessary to reflect the pricing shown in the Definitive Documentation. No later than 15 business days after execution of the Definitive Documentation, the Parties will jointly reconcile pricing for any Products already delivered starting with LN 1164 through such time as the purchase orders are amended with pricing as shown in the Definitive Documentation. No later than 3 business days after the Parties complete the reconciliation, Boeing will pay the reconciliation value via wire transfer.

Within 30 days following the delivery of LN 1605 from Spirit to Boeing, the Parties will reconcile the adjusted pricing set forth in Table 7.1 (as allocated in the Definitive Documentation) against the 787 Shipset pricing as of 787 SBP Amendment 37. In the event the incremental amounts paid to Spirit do not total \$[\*\*\*\*], the respective Party will pay, via wire transfer, any amount due within 10 business days of completing the reconciliation. For clarity, any Shipset pricing revisions subsequent to this MOA resulting from statement of work revisions/changes will not be applied towards the \$[\*\*\*\*] incremental Shipset Price increase.

Parties, at either's request, agree to meet at a mutually agreeable time, with a mutual goal of concluding negotiations 12 months prior to the delivery of LN 1605, to discuss in good faith potential pricing changes, other interests and considerations pertaining to LN 1606 and beyond.

8. Reserved.

9. 787 Tooling and Capital. Boeing will advance to Spirit up to \$[\*\*\*\*] for Spirit's implementation of Tooling and capital expenditures necessary to support up to 787 Rate [\*\*\*\*]. The Parties agree to hold joint reviews 30 days prior to the issuance of each related purchase order to confirm the amount and asset content of each funded package. Spirit agrees to prioritize purchased assets to Boeing production requirements, provide Boeing with documentation validating expenditures, and provide Boeing on-site representatives with observable evidence of assets in place on a periodic basis. Boeing will pay to Spirit, via purchase order (issued no later than 60 days prior to the respective payment date, unless otherwise specified below) and invoice, for Tooling and capital expenditures by Spirit, as follows:

\$[\*\*\*\*] paid, via wire transfer, within 10 business days of the Effective Date of this MOA

\$[\*\*\*\*] paid no later than January 31, 2024

\$[\*\*\*\*] paid no later than April 30, 2024

\$[\*\*\*\*] paid no later than July 31, 2024

\$[\*\*\*\*] paid no later than October 31, 2024

\$[\*\*\*\*] paid no later than January 31, 2025

\$[\*\*\*\*] paid no later than April 30, 2025

Spirit will repay to Boeing up to \$[\*\*\*\*], as further specified below. Spirit will align the repayment plan to coincide with Spirit's deliveries to Boeing and will offset payments utilizing the formula of number of units delivered in the respective time period based on the schedule below, times average shipset price, until the amount is fully offset for each respective time period. Any variability to this calculation based on the offset of units, or average shipset price, will be trued up in the fourth quarter of 2027. Spirit will repay to Boeing, via wire transfer, a sum of \$[\*\*\*\*], as follows:

\$[\*\*\*\*] paid no later than April 30, 2025

\$[\*\*\*\*] paid no later than October 31, 2025

\$[\*\*\*\*] paid no later than April 30, 2026

\$[\*\*\*\*] paid no later than October 31, 2026

\$[\*\*\*\*] paid no later than April 30, 2027

\$[\*\*\*\*] paid no later than October 31, 2027

10. 737 Constraint Matrix. The Parties will amend the Sustaining SBP to replace the 737 Rate [\*\*\*\*] Constraint Matrix with the 737 Rate [\*\*\*\*] Constraint Matrix set forth in Exhibit 1 hereto.

11. 737 Recurring Price. Attachment 1 to the Sustaining SBP is hereby amended to insert the following text as a new subsection at the conclusion of Section 2:
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“(f) Notwithstanding anything else in this SBP, Boeing and Spirit agree to an incremental \$[\*\*\*\*] 737 recurring Shipset price reduction relative to the pricing set forth in this SBP at the time the SBP is updated pursuant to the immediately following paragraph, effective with Spirit’s first unit delivery in 2026 through the last unit delivery of June 2033. For line numbers scheduled to deliver from January 1, 2026, through December 31, 2028, the Shipset price reduction will be calculated to achieve a total reduction of \$[\*\*\*\*] per calendar year and \$[\*\*\*\*] in aggregate for the three-year period. Boeing and Spirit will perform a reconciliation in the fourth quarter of 2028, and any variations in actual reductions received by Boeing versus the aforementioned per year amount will be trued up in the fourth quarter of 2028. Similarly, for line numbers scheduled to deliver from January 1, 2029, through June 30, 2033, the Shipset price reduction will be calculated to achieve a total reduction of \$[\*\*\*\*] per calendar year, and \$[\*\*\*\*] in aggregate for the five-year period. Boeing and Spirit will perform a reconciliation in the second quarter of 2033, and any variations in actual reductions received by Boeing versus the aforementioned per year amount will be trued up in the second quarter of 2033.

Without in any way altering or delaying Boeing’s absolute right to receive the \$[\*\*\*\*] Shipset price reduction and Spirit’s absolute obligation to provide the \$[\*\*\*\*] Shipset price reduction, by no later than April 12, 2024, the Parties will jointly determine the allocation of the per Shipset price reductions for each associated End Item Assembly and update SBP Attachment 1 Tables B.1 and B.2 to reflect the agreed Shipset price reductions.”

12. 737 Tooling and Capital Expenditures. Boeing will provide to Spirit up to \$[\*\*\*\*] for Spirit’s implementation of Tooling and capital expenditures necessary to support the 737 Rate [\*\*\*\*] Constraint Matrix set forth in Exhibit 1 hereto. After the first payment below, the Parties agree to hold joint reviews 30 days prior to the issuance of each related purchase order to confirm the amount and asset content of each funded package. Spirit agrees to prioritize purchased assets to Boeing’s production requirements, provide Boeing with documentation validating expenditures, and provide Boeing on-site representatives with observable evidence of assets in place on a periodic basis. Boeing will pay to Spirit, via purchase order (issued no later than 60 days prior to the respective payment date, unless otherwise specified below) and invoice, for Tooling and capital expenditures by Spirit, as follows:

- \$[\*\*\*\*] paid, via wire transfer, within 10 business days of the Effective Date
  - \$[\*\*\*\*] paid no later than January 31, 2024
  - \$[\*\*\*\*] paid no later than April 30, 2024
  - \$[\*\*\*\*] paid no later than July 31, 2024
  - \$[\*\*\*\*] paid no later than October 31, 2024
  - \$[\*\*\*\*] paid no later than January 31, 2025
  - \$[\*\*\*\*] paid no later than April 30, 2025
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Spirit will submit Certified Tool Lists to Boeing for all associated Tooling. The above payments are not contingent upon Certified Tool Lists submittal by Spirit or approval by Boeing. Spirit will provide Certified Tool Lists within 12 months of Tool completion.

13. Cash Advance. The Parties will amend the repayment dates set forth in Section 4 of the 737 Production Rate Advance Memorandum of Agreement dated April 28, 2023, to be as follows: December 1, 2025 (in the amount of \$90,000,000), December 1, 2026 (in the amount of \$45,000,000), and December 1, 2027 (in the amount of \$45,000,000).

14. Settlement and Release of Claims.

a. Spirit Release. Spirit, for itself and for its successors, predecessors, assigns, affiliates, parents, and subsidiaries, and their respective employees, agents, representatives, officers, directors, attorneys, sureties, and insurers, hereby releases and forever discharges Boeing and its successors, predecessors, affiliates, parents, and subsidiaries, and their respective employees, agents, representatives, officers, directors, attorneys, sureties, and insurers, from any and all past and present claims, inclusive of contract change notices, demands, losses, costs, expenses, rights of action, and causes of action relating to Boeing's Commercial Airplanes division and its airplane programs as pertaining to the Agreements that have accrued as of the Effective Date of this MOA (including any additional unasserted claims), whether known or knowable, suspected or unsuspected, foreseen or unforeseen, existing or claimed to exist, or based in contract, tort, statutory, or other legal or equitable theory of recovery. Spirit further releases Boeing from any and all liability for any damages, whether direct or consequential, that may flow from the released claims, demands, losses, costs, expenses, rights of action, and causes of action. Notwithstanding the above, claims by Spirit arising from the following are not limited, waived, released, or disclaimed:

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For the avoidance of doubt, the foregoing release includes any defamation or business tort claims relating in any way to any of Boeing's commercial airplane programs.

b. Boeing Release. Boeing, for itself and for its successors, predecessors, assigns, affiliates, parents, and subsidiaries, and their respective employees, agents, representatives, officers, directors, attorneys, sureties, and insurers, hereby releases and forever discharges Spirit and its successors, predecessors, affiliates, parents, and subsidiaries, and their respective employees, agents, representatives, officers, directors, attorneys, sureties, and insurers, from any and all past and present claims, demands, losses, costs, expenses, rights of action, and causes of action relating to Boeing's Commercial Airplanes division

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and its airplane programs as pertaining to the Agreements that have accrued as of the Effective Date of this MOA (including any additional unasserted claims), whether known or knowable, suspected or unsuspected, foreseen or unforeseen, existing or claimed to exist, or based in contract, tort, statutory, or other legal or equitable theory of recovery. Boeing further releases Spirit from any and all liability for any damages, whether direct or consequential, that may flow from the released claims, demands, losses, costs, expenses, rights of action, and causes of action. Notwithstanding the above, claims by Boeing against Spirit for contribution (or, if otherwise provided for, indemnity) toward third-party injury and damage or warranty claims are not limited, waived, released, or disclaimed, except for warranty claims arising out of the vertical fin attach fitting or aft pressure bulkhead elongated holes quality items recently identified by Spirit and Boeing. For the avoidance of doubt, the foregoing release includes any defamation or business tort claims relating in any way to any of Boeing's commercial airplane programs.

15. Change of Control. Spirit and Boeing will amend the 787 GTA and Sustaining GTA to replace the current Section 20.4 of the 787 GTA and the current Section 28.3 of the Sustaining GTA with the following:

**20.4 (787) / 28.3 (Sustaining) Assignment**

The following language shall apply from October 12, 2023, through December 31, 2030:

Seller shall not assign any of its rights or interest in this Agreement, the SBP, or any Order, or subcontract all or substantially all of its performance of this Agreement, the SBP, or any Order, without Boeing's prior written consent, which shall not be unreasonably withheld, except that Boeing may withhold its consent to an Assignment to a Disqualified Person (as defined below) for any reason and at its sole discretion. Seller shall provide Boeing with thirty (30) days notice prior to any proposed assignment (including any proposed Assignment to a Disqualified Person). Seller shall not delegate any of its duties or obligations under this Agreement; provided that this shall not prohibit Seller from subcontracting as permitted pursuant to the applicable SBP. Seller may assign its right to monies due or to become due. No assignment, delegation or subcontracting by Seller, with or without Boeing's consent, shall relieve Seller of any of its obligations under this Agreement, the SBP, or Order or prejudice any rights of Boeing against Seller whether arising before or after the date of any assignment. This article does not limit Seller's ability to purchase standard commercial supplies or raw material.

The prohibition set forth in this GTA Section [20.4/28.3] includes, without limitation (and the following shall be deemed to be **Assignments to a Disqualified Person** by Seller), in any transaction or series of related transactions: (i) a consolidation or merger of Seller in which a Disqualified Person directly or indirectly holds,

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immediately after consummation of the transaction, more than thirty-five percent (35%) of the voting power of the equity securities of the entity resulting from or surviving such transaction; (ii) the acquisition directly or indirectly by a Disqualified Person of either (a) more than 35% of the voting power of the equity securities of Seller or any of its affiliates whose performance is required for the production of the Products or (b) more than 35% of the voting power of the equity securities of any direct or indirect affiliate of Seller holding more than fifty percent (50%) of the voting power of the issued and outstanding voting stock of Seller or any of its affiliates whose performance is required for the production of the Products, in either case for clauses (a) or (b) unless Seller provides and Boeing accepts Seller's adequate assurance of continuity of supply, which assurance Boeing may accept or reject at its sole discretion; (iii) the sale, lease, assignment or transfer to a Disqualified Person, of either (a) all or substantially all of the assets of Seller, or (b) all or substantially all of the assets used by Seller and its affiliates to produce the Products for any particular airplane program; (iv) any assignment of Seller's rights or interest in this Agreement, the SBP, or any Order to a Disqualified Person, or subcontracting of all or substantially all of Seller's performance of this Agreement, the SBP, or any Order to a Disqualified Person; and (v) any other transaction pursuant to which a Disqualified Person obtains the ability to direct or cause the direction of the management and policies of Seller or any of its subsidiaries whose performance is required for the production of the Products.

A Disqualified Person is:

- (i) a Person, a principal business of which is as an original equipment manufacturer of commercial aircraft, defense systems, satellites, space launch vehicles or space vehicles;
  - (ii) a Person that Boeing reasonably believes is unable to perform this Agreement, for reasons, including but not limited to, financial viability, export and import laws, and demonstrated past performance failures;
  - (iii) a Person, that after giving effect to the transaction, would be the supplier of more than forty percent (40%) by value of the major structural components of any model of Boeing aircraft then in production, unless it is mutually agreed that significant identifiable benefits will accrue to Boeing as a result of the transaction;
  - (iv) a Person who is one of the following companies or a parent, subsidiary or affiliate of one of the following companies: Lufthansa Technique; Israeli Aircraft Industries; HAECO; PEMCO Aeroplex, EADS/Airbus, or who is an airline or an operator of commercial aircraft in revenue service or a parent, subsidiary or affiliate of an airline or an operator of commercial aircraft in revenue service; or
  - (v) any Person to which Boeing does not consent in its sole discretion.
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Seller shall not permit any Person described in clause (iv) of the definition of Disqualified Person to hold any voting stock of Seller at any time that Seller is not a Public Company. Seller shall not enter into any agreement under which any Person described in clause (iv) of the definition of Disqualified Person is entitled to designate one or more members of Seller's board of directors at any time that Seller is a Public Company. A Public Company is any Person (i) with equity securities registered under Section 12 of the Securities Exchange Act of 1934 or which is subject to the reporting requirements of Section 15(d) of the Securities Exchange Act of 1934 or (ii) with equity securities traded or quoted in a domestic or foreign securities exchange or market.

For the avoidance of doubt, Boeing and Seller agree that HMSGTA MWS and Supplemental License Agreements WS-001/-002/-003 and -004 may be assigned to the third party receiving assignment of this GTA and its corresponding SBP's. Any other Supplemental License Agreement between Boeing and Seller will be subject to the assignment terms of HMSGTA MWS.

***Add at end of the 787 GTA Assignment language above that is effective from October 12, 2023 through December 31, 2030:***

In the event of any Assignment to a Disqualified Person:

1. Seller will immediately refund to Boeing an amount equal to all advance payments received from Boeing pursuant to Section 9 ("787 Tooling and Capital") of the Memorandum of Agreement dated October 12, 2023 (or any definitive document reflecting the payments set forth in that section), less any repayments received from Seller by Boeing pursuant to that section (or any definitive document reflecting the repayments set forth in that section);

If Seller does not refund this amount in full within 10 days of written notice from Boeing the amount is due, this amount may be set off by Boeing against any amount owing at any time by Boeing to Seller, regardless of whether any such amount is then due and owing from Boeing to Seller;

2. Seller will immediately refund to Boeing an amount equal to all payments received from Boeing pursuant to Section 12 [737 Tooling and Capital Expenditures] of the Memorandum of Agreement dated October 12, 2023 (or any definitive document reflecting the payments set forth in that section), regardless of whether any such amount is then due and owing from Boeing to Seller. Upon payment from Seller to Boeing, title to all Tooling purchased with funds received from Boeing pursuant to Section 12 [737 Tooling and Capital Expenditures] of the Memorandum of Agreement dated October 12, 2023 (or any definitive document reflecting the payments set forth in that section) will transfer from Boeing to Seller. Boeing shall have the exclusive option to purchase any such Tooling at the original price within 120 days of transfer of title of such Tooling to Seller.
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If Seller does not refund this amount in full within 10 days of written notice from Boeing the amount is due, this amount may be set off by Boeing against any amount owing at any time by Boeing to Seller, regardless of whether any such amount is then due and owing from Boeing to Seller;

3. Boeing will have no further obligation to make any payment under Sections 9 or 12 of the Memorandum of Agreement dated October 12, 2023 (or any definitive document reflecting the payments set forth in those sections);
4. All amounts then owing from Seller to Boeing pursuant to the Memorandum of Agreement dated April 28, 2023, as modified by Section 13 of the Memorandum of Agreement dated October 12, 2023, will become immediately due and payable and, if Seller has not paid in full within 10 days of written notice from Boeing the amount is due, may be set off by Boeing against any amount owing at any time by Boeing to Seller, regardless of whether any such amount is then due and owing from Boeing to Seller; and
5. The then-remaining balance of the Advance Payments due to Boeing pursuant to Section 5.5 of the SBP will become immediately due and payable and, if Seller has not paid in full within 10 days of written notice from Boeing the amount is due, may be set off by Boeing against any amount owing at any time by Boeing to Seller, regardless of whether any such amount is then due and owing from Boeing to Seller.

Boeing may, at its sole discretion, waive the immediately preceding rights by written notice to Seller and not otherwise.

***Add at end of the Sustaining GTA Assignment language above that is effective from October 12, 2023 through December 31, 2030:***

In the event of any Assignment to a Disqualified Person:

1. Any remaining amount of the 737 Shipset price reductions agreed to in Section 11 (“737 Recurring Price”) of the Parties’ Memorandum of Agreement dated October 12, 2023, that has not been realized by Boeing through Shipset deliveries upon closing of the assignment transaction will become immediately due and payable. If Seller does not pay this amount in full within 10 days of written notice from Boeing the amount is due, this amount may be set off by Boeing against any amount owing at any time by Boeing to Seller, regardless of whether any such amount is then due and owing from Boeing to Seller. The 737 Shipset pricing reductions agreed to in Section 11 (“737 Recurring Price”) of the Memorandum of Agreement between the Parties dated October 12, 2023, will be removed upon receipt of the remaining amount; and
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2. All amounts then owing from Seller to Boeing pursuant to the Memorandum of Agreement dated April 28, 2023, as modified by Section 13 of the Memorandum of Agreement dated October 12, 2023, will become immediately due and payable and, if Seller has not paid in full within 10 days of written notice from Boeing the amount is due, may be set off by Boeing against any amount owing at any time by Boeing to Seller, regardless of whether any such amount is then due and owing from Boeing to Seller.

Boeing may, at its sole discretion, waive the immediately preceding rights by written notice to Seller and not otherwise.

#### **20.4 (787) / 28.3 (Sustaining Agreement)**

The following language shall apply beginning January 1, 2031:

Seller shall not assign any of its rights or interest in this Agreement or any Order, or subcontract all or substantially all of its performance of this Agreement or any Order, without Boeing's prior written consent, which shall not be unreasonably withheld, except that Boeing may withhold its consent to an assignment to a Disqualified Person (as defined below) for any reason and at its sole discretion. Seller shall provide Boeing with thirty (30) days notice prior to any proposed assignment. Seller shall not delegate any of its duties or obligations under this Agreement; provided that this shall not prohibit Seller from subcontracting as permitted pursuant to the applicable SBP. Seller may assign its right to monies due or to become due. No assignment, delegation or subcontracting by Seller, with or without Boeing's consent, shall relieve Seller of any of its obligations under this Agreement or Order or prejudice any rights of Boeing against Seller whether arising before or after the date of any assignment. This article does not limit Seller's ability to purchase standard commercial supplies or raw material.

The prohibition set forth in this GTA Section [20.4/28.3] includes, without limitation (and the following shall, subject to the immediately following sentence, be deemed to be "assignments"): (i) a consolidation or merger of Seller in which a Disqualified Person directly or indirectly holds, immediately after consummation of the transaction more than fifty percent (50%) of the voting power of the issued and outstanding voting stock of the corporation resulting from or surviving such transaction; (ii) the acquisition directly or indirectly by a Disqualified Person of voting stock of any corporate Seller having more than fifty percent (50%) of the voting power of the issued and outstanding voting stock of Seller; (iii) the sale, assignment or transfer of all or substantially all of the assets of Seller to a Disqualified Person; and (iv) where Seller is a partnership, acquisition of control of such partnership by a Disqualified Person. Any consolidation, merger, acquisition of voting stock or sale, assignment or transfer of all or substantially all of the assets of Seller that is not prohibited by the immediately preceding

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sentence shall not constitute an “assignment” for purposes of this GTA and shall not be prohibited by, or require Boeing’s consent under, this Section [20.4/28.3].

A Disqualified Person is:

- (i) a Person, a principal business of which is as an original equipment manufacturer of commercial aircraft, defense systems, satellites, space launch vehicles or space vehicles;
- (ii) a Person that Boeing reasonably believes is unable to perform this Agreement, for reasons, including but not limited to, financial viability, export and import laws, and demonstrated past performance failures;
- (iii) a Person, that after giving effect to the transaction, would be the supplier of more than forty percent (40%) by value of the major structural components of any model of Boeing aircraft then in production, unless it is mutually agreed that significant identifiable benefits will accrue to Boeing as a result of the transaction; or
- (iv) a Person who is one of the following companies or a parent, subsidiary or affiliate of one of the following companies: Lufthansa Technique; Israeli Aircraft Industries; HAECO; PEMCO Aeroplex, EADS/Airbus, or who is an airline or an operator of commercial aircraft in revenue service or a parent, subsidiary or affiliate of an airline or an operator of commercial aircraft in revenue service.

Seller shall not permit any Person described in clause (iv) of the definition of Disqualified Person to hold any voting stock of Seller at any time that Seller is not a Public Company. Seller shall not enter into any agreement under which any Person described in clause (iv) of the definition of Disqualified Person is entitled to designate one or more members of Seller’s board of directors at any time that Seller is a Public Company. A Public Company is any Person (i) with equity securities registered under Section 12 of the Securities Exchange Act of 1934 or which is subject to the reporting requirements of Section 15(d) of the Securities Exchange Act of 1934 or (ii) with equity securities traded or quoted in a domestic or foreign securities exchange or market.

For the avoidance of doubt, Boeing and Seller agree that HMSGTA MWS and Supplemental License Agreements WS-001/-002/-003 and -004 may be assigned to the third party receiving assignment of this GTA and its corresponding SBP’s. Any other Supplemental License Agreement between Boeing and Seller will be subject to the assignment terms of HMSGTA MWS.

16. Repudiation. Spirit and Boeing will amend the 787 GTA and the Sustaining GTA to add the following new 787 GTA Section 8.5 and Sustaining GTA Section 13.3:

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### **[8.5/13.3] Repudiation**

The Parties agree that repudiation by Seller of timely delivery under GTA BCA-65530-0016, GTA BCA-65520-0032, SBP MS-65530-0019, or SBP MS-65530-0016 would cause irreparable harm to Boeing for which damages would not be an adequate remedy. Accordingly, in the event Seller repudiates timely delivery under any of the aforementioned agreements, Boeing will be entitled to equitable relief, including but not limited to, specific performance and preliminary and permanent injunctions.

17. Complete Agreement. This MOA constitutes the complete and exclusive agreement between the Parties with respect to the subject matter set forth herein and supersedes all previous agreements between the Parties relating thereto, whether written or oral. Except as expressly provided in this MOA, however, all other terms and conditions of the Agreements remain in full force and effect.
  18. Governing Law and Jurisdiction. This MOA is governed by the laws of the state of Washington, exclusive of Washington's conflict of laws principles. This MOA excludes the application of the 1980 United Nations Convention on Agreements for the International Sale of Goods. Boeing and Spirit hereby irrevocably consent to and submit themselves exclusively to the jurisdiction of the applicable courts of King County, Washington and the federal courts of Washington State for the purpose of any suit, action or other judicial proceeding arising out of or connected with this MOA. Boeing and Spirit hereby waive and agree not to assert by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that (a) Boeing and Spirit are not personally subject to the jurisdiction of the above-named courts; (b) the suit, action, or proceeding is brought in an inconvenient forum; or (c) the venue of the suit, action, or proceeding is improper.
  19. No Admission of Liability. The Parties acknowledge that this MOA reflects a compromise resolution by the Parties of certain claims and that nothing contained in this MOA constitutes or will be construed as an acknowledgement or admission of liability or absence of liability in any way on the part of the Parties, each of which expressly denies any liability or wrongdoing in connection with such claims, and the Parties agree not to issue any public statement or comment to the contrary.
  20. Confidential Treatment. The information contained herein is confidential business information. The Parties will limit the disclosure of this MOA's contents to employees with a need to know and who understand that they are not to disclose its contents to any other person or entity without the prior written consent of the other Party. Notwithstanding the above, the Parties may file this MOA with the SEC if legally required to do so but must give the other Party two business days' advance notice and will omit confidential information as permitted by applicable law as appropriate after providing the other Party the opportunity to provide comments. Nothing in this
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section will prevent either Party from making reasonable disclosures during the course of its earnings calls.

21. Interpretation. Each Party has had the opportunity to draft, review, and edit this MOA. Accordingly, no presumption for or against either Party arising out of drafting all or any part of this MOA will be applied in any action relating to or arising from this MOA; and the Parties hereby waive the benefit of any statute or common-law rule providing that, in cases of uncertainty, language should be interpreted against the Party who caused the uncertainty to exist.

EXECUTED as of the Effective Date by the duly authorized representatives of the Parties.

**THE BOEING COMPANY**

**SPIRIT AEROSYSTEMS, INC.**

/s/ Ihssane Mounir  
\_\_\_\_\_  
Signature

/s/ Mark Suchinski  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Ihssane Mounir

\_\_\_\_\_  
Mark Suchinski

\_\_\_\_\_  
Senior Vice President

\_\_\_\_\_  
Senior Vice President & CFO

October 12, 2023  
\_\_\_\_\_  
Date

October 12, 2023  
\_\_\_\_\_  
Date

**Exhibit 1**

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## SEPARATION AGREEMENT AND GENERAL RELEASE

THIS SEPARATION AGREEMENT AND GENERAL RELEASE (the “**Agreement**”) is made and entered into by and among Spirit AeroSystems, Inc. (the “**Company**”), Spirit AeroSystems Holdings, Inc., the parent of the Company (the “**Parent**”), and Thomas C. Gentile III (the “**Executive**”).

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Separation. Effective as of September 30, 2023 (the “**Separation Date**”), the Executive is no longer employed by the Company as its President & Chief Executive Officer and no longer holds any and all other positions he held as an officer or director of the Company or any of its subsidiaries or as an officer of the Parent due to the tendering of his resignation from such positions. In accordance with the Employment Agreement between the Company and the Executive entered into on the 13<sup>th</sup> day of February 2016 and effective as of the 1<sup>st</sup> day of April 2016, as amended (the “**Employment Agreement**”), no other action is required for these separations to be effective.
  2. Consulting Services. For a period of three (3) months (the “**Consulting Term**”) following the Separation Date, the Executive agrees that he shall provide consulting and transition services as an advisor to the Company’s interim Chief Executive Officer (the “**Consulting Services**”) as expressly requested by, or at the direction of, the Company’s interim Chief Executive Officer and at such times as mutually agreed to by the Executive. For the Consulting Services provided by the Consultant pursuant to this Agreement, the Company shall pay to the Executive a non-refundable retainer in an amount equal to fifty thousand dollars (\$50,000.00) (the “**Retainer**”) within thirty (30) days following the Effective Date. The Executive will be entitled an amount equal to two thousand five hundred dollars (\$2,500.00) per hour of Consulting Services provided by the Executive (the “**Consulting Fee**”). Within ten (10) days following the end of each calendar month during the Consulting Term, the Executive will provide the Company with a written invoice describing, in reasonable detail, the Consulting Services requested by the Company provided by the Executive during such calendar month and the hours devoted to providing such services. When the total amount due to the Executive with respect to the Consulting Services exceeds the amount of the Retainer, the Company will pay all Consulting Fees in excess of the Retainer within ninety (90) days of the Company’s receipt of the applicable invoice.
  3. Consideration in Settlement. In consideration of (i) the release of all claims described below in Paragraph 9, (ii) the covenants in Paragraphs 10, 11 and 16(b), (iii) the protective agreements described in Paragraph 12, (iv) the agreement of future cooperation in Paragraph 21 and (v) the other terms of this Agreement, and further provided the Executive does not revoke his acceptance of this Agreement pursuant to Paragraph 25, the Company agrees to compensate the Executive as follows:
    - (a) Separation Payments. The Company shall pay the Executive the following:
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- i. An amount equal to one million three hundred thousand dollars (\$1,300,000), which represents one year of the Executive's annual base salary in effect immediately prior to the Separation Date (the "**Separation Payment**"); and
  - ii. If the Executive timely and properly elects health continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**"), the Company shall pay the Executive an amount equal to the monthly COBRA premium (covering medical, vision, and dental benefits) for the Executive and the Executive's dependents (the "**COBRA Payments**"). Such COBRA Payments shall initially equal \$1,554.35 per month, subject to increase on July 1, 2024, less applicable tax withholdings, and shall be paid in substantially equal installments at the beginning of each month between the Separation Date and the earliest to occur of: (A) the thirteenth (13th) month anniversary of the Separation Date and (B) the date that the Executive is no longer eligible to receive COBRA continuation coverage; provided, however, that the first installment shall not be paid until the First Installment Date (as defined below).
- (b) The Separation Payment shall be paid in substantially equal installments on the Company's regular payroll dates commencing on the first payroll date coinciding with, or next if administratively necessary, following the Effective Date (the date of such first payment, the "**First Installment Date**"); *provided, however*, that the first installment shall include (without interest) the number of installments of the Severance Payments that the Executive would have received between the Separation Date and the First Installment Date had there been no delay in payment. The Company, the Parent and the Executive agree that (i) each installment payment of the Separation Payment and COBRA Payment shall be deemed to be a separate payment for purposes of Section 409A and (ii) the payment of any portion of the Separation Payment and COBRA Payment that neither constitutes a "short term deferral," within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**"), nor is exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9), shall be delayed until the first regular payroll date of the Company that coincides with or immediately follows April 1, 2024.
- (c) LTIP Awards. With respect to the stock awards identified on Schedule A to this Agreement that were granted under the Spirit AeroSystems Holdings, Inc. Amended and Restated Long-Term Incentive Plan maintained pursuant to and in accordance with the Spirit AeroSystems Holdings, Inc. 2014 Omnibus Incentive Plan (the "**Specified Unvested Awards**"), the Company waives, and shall take all necessary action to cause such waiver of, the requirement that the Executive to be employed by the Company through the applicable Vesting Date (as specified in Schedule A) in February 2024 (the "**Vesting Date**"). With respect to each Specified Unvested Award that is listed on Schedule A, on the applicable Vesting Date, the Executive shall become fully vested in that portion of the Specified Unvested Award indicated in column 6 of Schedule A. For the avoidance of doubt, (i) any other outstanding awards not expressly identified on Schedule A that remain unvested on the Separation Date shall be forfeited, (ii) the
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Executive shall become fully vested in the Specified Unvested Awards in all respects on the Vesting Date as if Executive's employment had not terminated prior to such date, (iii) any restrictions on transfer or other similar restrictions with respect to the Specified Unvested Awards will continue to apply through the Vesting Date as if Executive's employment had not terminated prior to the Vesting Date, (iv) all other terms of the Specified Unvested Award will continue to apply except to the extent not conflicting with this Agreement, and (v) the Company shall withhold from the Specified Unvested Amount the amount required by the Company to withhold for the payment of federal or state taxes.

- (d) Outplacement Services. During the twelve (12) month period following the Separation Date, the Executive shall be entitled to receive outplacement services from Lee Hecht Harrison LLC at a level commensurate for executives who held positions substantially similar to the Executive's position with the Company (the "**Outplacement Services**"). The Company shall pay all costs for such Outplacement Services on a timely basis, provided that, the total cost of such Outplacement Services shall not exceed one hundred thousand dollars (\$100,000).
- (e) Attorney's Fees. The Company shall reimburse the Executive up to twenty five thousand dollars (\$25,000) for the legal fees incurred by the Executive in connection with the negotiation and documentation of this Agreement; provided that, upon request by the Company, Executive provides the Company with reasonable documentation of such fees (it being understood that no such documentation shall be required that is subject to attorney-client privilege).
4. Benefit Plans. Following the Separation Date, the Executive shall be entitled to all benefits and compensation with respect to which, as of the Separation Date, is vested in accordance with the terms of the applicable plans, programs and arrangements, including, without limitation, the following: (i) in accordance with the Company's policies regarding business expenses, any business expenses incurred by the Executive in connection with his employment with the Company that have not been reimbursed by the Separation Date, (ii) with respect to the Spirit Aerosystems Holdings, Inc. Retirement & Savings Plan, the Executive's account balance and accrued benefit, and (iii) with respect to the Spirit Aerosystems Holdings, Inc. Amended and Restated Deferred Compensation Plan (the "**DCP**"), the Executive's entire balance credited to his "Deferred Compensation Account," including "Employer Match Account" and "Employer Discretionary Contribution Account" (each term as defined under the DCP).
5. Indemnification. The Company and the Executive acknowledge and agree that, following the Separation Date, the Executive shall continue to be entitled to be indemnified by the Parent, the Company and their affiliates and covered by any applicable officer and director insurance, in each case, subject to the terms of applicable agreements (including bylaws of the Parent and the Company) and insurance policies as in effect as of the Separation Date.
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6. Taxes. The Company and the Executive acknowledge and agree that all payments made hereunder constitute “wages” for purposes of FICA, FUTA and income tax withholding and such taxes shall be withheld, as well as any other withholdings that are typically deducted from wages, as to any payments made under this Agreement. The Parent, the Company and the Executive agree that, to the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A) (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by the Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year.
  7. Other Continuing Rights. The Executive agrees that, except for his accrued base salary earned through the Separation Date and the payments outlined above in this Paragraph 3, he has been paid all other compensation due to him, including but not limited to all salary, bonuses, deferred compensation, incentives and all other compensation of any nature whatsoever. Except as set forth above, no other sums (contingent or otherwise) shall be paid to the Executive in respect of his employment by the Company or the Parent, and any such sums (whether or not owed) are hereby expressly waived by the Executive.
  8. Contingent Entitlement. The Executive acknowledges and agrees that his entitlement to payments, benefits and reimbursements under Paragraph 2 and Paragraph 3(a) through (e) shall be conditioned on his continuing compliance with Paragraphs 9, 10, 11, 12, 16(b) and 21 of the Agreement. The Executive’s violation of any obligation within Paragraphs 9, 10, 11, 12, 16(b) or 21 shall terminate the Company’s obligation to continue to make payments or reimbursements or otherwise provide consideration in accordance with Paragraph 2 and Paragraphs 3(a) through (e).
  9. General Release. As a material inducement to the Company and the Parent to enter into this Agreement and in consideration of the payments and benefits to be made by the Company and the Parent to the Executive in accordance with Paragraphs 2 and 3 above, the Executive, on behalf of himself, his representatives, agents, estate, heirs, successors and assigns, and with full understanding of the contents and legal effect of this Agreement and having the right and opportunity to consult with his counsel, releases and discharges the Company, the Parent, and their respective shareholders, officers, directors, supervisors, members, managers, employees, agents, representatives, attorneys, insurers, parent companies, divisions, subsidiaries, affiliates and all employee benefit plans sponsored or contributed to by the Company or the Parent (including any fiduciaries thereof), and all related entities of any kind or nature, and its and their predecessors, successors, heirs, executors, administrators, and assigns (collectively, the “**Released Parties**”) from any and all claims, actions, causes of action, grievances, suits, charges, or complaints of any kind or nature whatsoever, that he ever had or now has (through the date that the Executive signs this Agreement), whether fixed or contingent, liquidated or unliquidated, known or unknown,
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suspected or unsuspected, and whether arising in tort, contract, statute, or equity, before any federal, state, local, or private court, agency, arbitrator, mediator, or other entity, regardless of the relief or remedy; provided, however, and subject to Paragraph 10 below, the Agreement is not intended to and does not limit the Executive's right to file a charge or participate in an investigative proceeding of the Equal Employment Opportunity Commission ("EEOC"), Securities Exchange Commission, or another governmental agency. Without limiting the generality of the foregoing, it being the intention of the parties to make this release as broad and as general as the law permits, this release specifically includes, but is not limited to, and is intended to explicitly release: any claims under the Employment Agreement; and any and all subject matter and claims arising from any alleged violation by the Released Parties under the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act of 1990) (the "ADEA"); the Fair Labor Standards Act; Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1866, as amended; the Civil Rights Act of 1991 (42 U.S.C. § 1981); the Immigration Reform Control Act; the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act; the Rehabilitation Act of 1973, as amended; the Employee Retirement Income Security Act of 1974, as amended (whether such subject matter or claims are brought on an individual basis, a class representative basis, or otherwise on behalf of an employee benefit plan or trust); the Kansas Act Against Discrimination, the Kansas Age Discrimination in Employment Act, the Kansas wage payment statutes, and other similar state or local laws; the Americans with Disabilities Act; the Family and Medical Leave Act; the Genetic Information Nondiscrimination Act of 2008; the Worker Adjustment and Retraining Notification Act; the Equal Pay Act; Executive Order 11246; Executive Order 11141; and any other statutory claim, tort claim, employment or other contract or implied contract claim, or common law claim for wrongful discharge, breach of an implied covenant of good faith and fair dealing, defamation, invasion of privacy, or any other claim, arising out of or involving his employment with the Company, his services to the Parent, the termination of his employment with the Company, or involving any other matter, including but not limited to the continuing effects of his employment with the Company, his services to the Parent, or termination of employment with the Company.

The Executive further acknowledges that he is aware that statutes exist that render null and void releases and discharges of any claims, rights, demands, liabilities, action and causes of action which are unknown to the releasing or discharging party at the time of execution of the release and discharge. The Executive hereby expressly waives, surrenders and agrees to forego any protection to which he would otherwise be entitled by virtue of the existence of any such statute in any jurisdiction including, but not limited to, the State of Kansas. The foregoing notwithstanding, the Company and the Parent hereby acknowledge and agree that the foregoing release shall not apply with respect to (i) to enforce the terms of this Agreement and to receive payment of amounts or benefits hereunder, including, without limitation, the Separation Payment and COBRA Payment, (ii) the Executive's right to benefits due to terminated employees under any employee benefit plan of the Company, the Parent or any of their affiliates in which the Executive participated (excluding any severance or similar plan or policy), in accordance with the terms thereof (including rights to elect continuation coverage pursuant to Part 6 of Title I of ERISA and Section 4980B of the

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Internal Revenue Code of 1986, as amended (“**COBRA**”), (iii) the Executive’s right to indemnification as an officer and director of the Company and the Parent in accordance with the Company’s and the Parent’s certificate of incorporation and bylaws and the terms of any indemnification agreement with the Parent and/or the Company to which the Executive is a party as of the date hereof, and to continued coverage under the Company’s and any Directors and Officers liability insurance policies covering directors and officers of the Parent and the Company, as in effect from time to time; and (iv) to release any claims that may not lawfully be waived, including but not limited to any ADEA claims that may arise after the date that the Executive signs this Agreement.

10. Covenant Not to Sue. The Executive, for himself, his heirs, executors, administrators, successors and assigns agrees not to bring, file, claim, sue or cause, assist, or permit to be brought, filed, or claimed any action, cause of action, or proceeding regarding or in any way related to any of the claims described in Paragraph 9 above, and further agrees that this Agreement will constitute and may be pleaded as, a bar to any such claim, action, cause of action or proceeding. If the Executive files a charge or participates in an investigative proceeding of the EEOC or another governmental agency, or is otherwise made a party to any proceedings described in Paragraph 9 above, the Executive will not seek and will not accept any monetary or personal relief or recovery from a Released Party as a result of such EEOC or comparable state or local agency proceeding or subsequent legal actions. Nothing herein limits the Executive’s right to receive an award for information provided to any governmental agencies (including, for the avoidance of doubt, any monetary award or bounty from any governmental agency or regulatory or law enforcement authority in connection with any protected “whistleblower” activity), and nothing herein prevents the Executive from filing a claim for unemployment insurance or workers’ compensation benefits.
  11. No Disparaging, Untrue Or Misleading Statements. The Executive represents that he has not made, and agrees that he will not make, to any third party any disparaging, untrue, or misleading written or oral statements about or relating to the Company or the Parent, or their products or services (or about or relating to any officer, director, agent, employee, or other person acting on the Company’s or the Parent’s behalf). The Company agrees to direct its “named executive officers,” as such term is defined under Item 402 of Regulation S-K promulgated by the Securities and Exchange Commission, and the members of its Board of Directors, not to make, and use reasonable efforts to ensure that such named executive officers and directors, will not make, to any third party or to employees and directors of the Company and the Parent, any disparaging, untrue, or misleading written or oral statements about or relating to the Executive or the services of the Executive as an employee or director of the Company and Parent. The foregoing provision shall not be effective with respect to any information required to be disclosed by the Executive, Company or named executive officers by the order of a court or administrative agency, subpoena or other legal or administrative demand, nor will it prevent any permitted activity as described in Paragraph 13 below.
  12. Protective Agreement. The Executive acknowledges and agrees that he shall continue to be bound by the terms and conditions of Section 4 of the Employment Agreement, the terms of
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which are incorporated herein by reference; provided that, the parties agree that the noncompetition and non-solicitation periods as set forth under Sections 4(c) and (d) of the Employment Agreement shall be applicable for a period of one year following the Separation Date.

In the event that the Executive wishes to pursue an opportunity that may implicate Sections 4(c) or 4(d) of the Employment Agreement, the Executive agrees that he will present the details of such opportunity to the Company's Chief Administrative Officer, and the Company will act reasonably in considering whether the Executive would be permitted to pursue such opportunity, including in considering whether a potential business activity is competitive with the Business (as defined in the Employment Agreement).

13. Permitted Activities. Notwithstanding any other provision of this Agreement or the Employment Agreement, nothing in this Agreement is intended to, or does, preclude Executive or any other individual from (i) contacting, reporting to, responding to an inquiry from, filing a charge or complaint with, communicating with, or otherwise participating in an investigation conducted by, the EEOC, the Securities and Exchange Commission, the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, or any other federal, state, or local governmental agency, commission, or regulatory body; (ii) giving truthful testimony or making statements under oath in response to a subpoena or other valid legal process or in any legal proceeding; (iii) otherwise making truthful statements as required by law or valid legal process; (iv) engaging in any concerted or other legally protected activities; or (v) disclosing a trade secret in confidence to a governmental official, directly or indirectly, or to an attorney, if the disclosure is made solely for the purpose of reporting or investigating a suspected violation of law.

Furthermore, notwithstanding the provisions herein, the Executive is hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. The Executive likewise understands that, if the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Company's trade secret(s) to his attorney and use the trade secret information in the court proceeding, if the Executive (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

14. Severability. If any provision of this Agreement shall be found by a court of competent jurisdiction to be invalid or unenforceable, in whole or in part, then such provision shall be construed and/or modified or restricted to the extent and in the manner necessary to render the same valid and enforceable, or shall be deemed excised from this Agreement, as the case may require, and this Agreement shall be construed and enforced to the maximum extent
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permitted by law, as if such provision had been originally incorporated herein as so modified or restricted, or as if such provision had not been originally incorporated herein, as the case may be. The parties further agree to seek a lawful substitute for any provision found to be unlawful; provided, that, if the parties are unable to agree upon a lawful substitute, the parties desire and request that a court or other authority called upon to decide the enforceability of this Agreement modify the Agreement so that, once modified, the Agreement will be enforceable to the maximum extent permitted by the law in existence at the time of the requested enforcement.

15. Waiver. A waiver by the Company of a breach of any provision of this Agreement by the Executive shall not operate or be construed as a waiver or estoppel of any subsequent breach by the Executive. No waiver shall be valid unless in writing and signed by an authorized officer of the Company.

16. Miscellaneous Provisions.

(a) Representations. The Executive represents and certifies that he has carefully read and fully understands all of the provisions and effects of this Agreement, has knowingly and voluntarily entered into this Agreement freely and without coercion, and acknowledges that the Company advised him to consult with an attorney prior to executing this Agreement. The Executive is voluntarily entering into this Agreement and neither the Company nor Parent nor any of their respective employees, officers, directors, representatives, attorneys or other agents made any representations concerning the terms or effects of this Agreement other than those contained in the Agreement itself and the Executive is not relying on any statement or representation by the Company or any other Released Parties in executing this Agreement. The Executive is relying on his own judgment and that of his attorney to the extent so retained. The Executive also specifically affirms that this Agreement clearly expresses his intent to waive fraudulent inducement claims, and that he disclaims any reliance on representations about any of the specific matters in dispute.

(b) Return of Property. In entering into this Agreement or as agreed upon by the Parties, the Executive represents that he has returned or he shall return to the Company all of the Company's and the Parent's and their respective subsidiaries' property that has been in the Executive's possession, custody or control, including, without limitation, (i) all keys, access cards, badges, credit cards, mobile devices, computer hardware, computer software, data, materials, documents, records, policies, client and customer information, marketing information, design information, specifications and plans, data base information and lists, and any other property or information of the Company, the Parent and their subsidiaries (whether those materials are in paper or computer-stored form), and (ii) all documents and other property containing, summarizing, or describing any Confidential Information (as defined in the Employment Agreement), including all originals and copies. The Executive affirms that (A) he will not retain any such property or information in any form (except as permitted in accordance with the following clause), and will not give copies of such property or information or disclose their contents to any

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other person (B) within fourteen (14) business days from the Effective Date of this Agreement, the Executive will make his cell phone (and any other personal devices used for work-related communications) available to the Company, or an approved third-party vendor, and provide any necessary information, i.e. pass codes, etc., to allow access to text messages and other communications for the purpose of downloading and electronically retaining the same so the Company is compliant with its requirements as to all applicable legal hold(s); the Executive agrees to preserve all such content on the device(s) prior to the time the Company completes this process.

17. Complete Agreement. This Agreement (and, as referenced herein, the Employment Agreement) sets forth the entire agreement between the parties, and fully supersedes any and all prior agreements or understandings, whether oral or written, between the parties pertaining to actual or potential claims arising from the Executive's employment with the Company and the Parent or the termination of the Employment Agreement, provided, however, that all obligations, rights, and terms under Sections 4, 8 and 9 of the Employment Agreement, which are incorporated by reference herein, shall not be superseded and shall remain in full force and effect. The Executive expressly warrants and represents that no promise or agreement which is not herein expressed has been made to him in executing this Agreement.
  18. No Assignment of Claims. The Executive represents that he has not assigned his rights with respect to any claim that the Executive releases hereunder to any third party.
  19. No Admission of Liability. The Executive understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by the Executive. No action taken by the Company hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to the Executive or any third party.
  20. Reimbursement. If the Executive or his heirs, executors, administrators, successors or assigns (a) is in breach of or breaches Paragraphs 9, 10, 11, 12, 16(b) or 21 of this Agreement, or (b) files a lawsuit of any kind or nature against one or more of the Released Parties, or a claim of any kind or nature against one or more of the Released Parties, the Executive or his heirs, executors, administrators, successors or assigns shall be obligated to tender back to the Company, as a contractual remedy hereunder, all payments made to him or them under Paragraph 3 of this Agreement. The Company and the Executive acknowledge that the remedy set forth hereunder is not to be considered a form of liquidated damages and the tender back shall not be the exclusive remedy hereunder.
  21. Future Cooperation. Upon the reasonable written request to the Executive by the Company's general counsel or Board of Directors, the Executive agrees to provide reasonable assistance and cooperation, without the necessity of subpoena, in any matter or matters (including but not limited to any regulatory, law enforcement or judicial investigations or proceedings, mediations, arbitrations or lawsuits, any claim negotiations with customers or suppliers, or otherwise) of which the Company identifies the Executive as potentially having knowledge
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(or otherwise relating to Executive's expertise or experience), where deemed appropriate by the Company, including providing information, preparing for, and/or attending any hearing or proceeding (whether relating to the Company's defense or prosecution of any existing or future actions, arbitrations, claims or litigations or otherwise). The Company will reimburse the Executive for the reasonable costs and expenses incurred by the Executive, including any lost wages, in connection therewith, provided however, that such reimbursements (i) are not intended to influence in any way the testimony Executive gives under oath, and Executive agrees to testify truthfully and (ii) do not encompass attorney's fees incurred by Executive. The Company's agreement to reimburse Executive through this Agreement is not based, conditioned or contingent in any way on the substance, content or efficacy of Executive's testimony, or the outcome of any particular matter.

22. Amendment. This Agreement may not be altered, amended, or modified except in writing signed by both the Executive and the Company.
  23. Joint Participation. The parties hereto participated jointly in the negotiation and preparation of this Agreement, and each party has had the opportunity to obtain the advice of legal counsel and to review and comment upon the Agreement. Accordingly, it is agreed that no rule of construction shall apply against any party or in favor of any party. This Agreement shall be construed as if the parties jointly prepared this Agreement, and any uncertainty or ambiguity shall not be interpreted against one party and in favor of the other.
  24. Time in Which to Consider. The Executive shall have twenty-one (21) days in which to consider this Agreement, although the Executive may accept this Agreement at any time prior to the expiration of such twenty-one (21)-day period. Any changes to this Agreement, whether material or immaterial, do not restart the running of the consideration period.
  25. Revocation and Effective Date. The Executive may revoke any acceptance of this Agreement within seven (7) days, and this Agreement shall not become binding or enforceable until this seven (7) day period has expired without the Executive having so revoked. This Agreement shall become effective on the eighth (8th) day following the Executive's signing of this Agreement (the "**Effective Date**"). To revoke this Agreement, the Executive must provide a signed written notice of revocation addressed to Mindy McPheeters, Spirit Senior Vice President, General Counsel & Corporate Secretary, 3801 S. Oliver St., Wichita, Kansas 67210, postmarked or placed for delivery by a common carrier for overnight delivery no later than the seventh (7th) day after the Executive executes this Agreement.
  26. Dispute Resolution. Any dispute arising out of or relating to this Agreement shall be subject to the dispute resolution provisions set forth in Section 8 of the Employment Agreement, which provisions are hereby incorporated by reference. IN ENTERING INTO THIS AGREEMENT, THE PARTIES ARE KNOWINGLY AND VOLUNTARILY WAIVING THEIR RIGHTS TO A JURY TRIAL WITH RESPECT TO ANY DISPUTE ARISING UT OF OR RELATING TO THIS AGREEMENT.
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27. Execution of Agreement. This Agreement may be executed in counterparts, each of which shall be considered an original, but which when taken together, shall constitute one Agreement. This Agreement, to the extent signed and delivered by means of a facsimile machine or by PDF file (portable document format file), shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the originally signed version delivered in person. At the request of any party hereto, each other party shall re-execute original forms hereof and deliver them to all other parties.

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PLEASE READ THIS AGREEMENT AND CAREFULLY CONSIDER ALL OF ITS PROVISIONS BEFORE SIGNING IT. THIS AGREEMENT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, INCLUDING THOSE UNDER THE FEDERAL AGE DISCRIMINATION IN EMPLOYMENT ACT, AND OTHER FEDERAL, STATE AND LOCAL LAWS PROHIBITING DISCRIMINATION IN EMPLOYMENT.

THE EXECUTIVE ACKNOWLEDGES AND UNDERSTANDS THAT HE HAS BEEN AFFORDED TWENTY-ONE (21) DAYS TO CONSIDER THE AGREEMENT AND TO HAVE THE AGREEMENT REVIEWED BY HIS ATTORNEY, IF HE SO CHOOSES. THE EXECUTIVE FURTHER UNDERSTANDS THAT HE HAS SEVEN (7) DAYS TO REVOKE THE AGREEMENT AFTER THE DATE HE SIGNS THE AGREEMENT.

IN WITNESS WHEREOF, the Executive, the Company, and the Parent have voluntarily signed this Separation Agreement and General Release consisting of twelve (12) pages effective as of the date set forth by their signatures below.

SPIRIT AEROSYSTEMS, INC.

THOMAS C. GENTILE III

By: /s/ Justin Welner  
Justin Welner

Its: Senior Vice President,  
Chief Administration & Compliance Officer

/s/ Thomas C. Gentile III

Date: October 1, 2023

Date: October 1, 2023

SPIRIT AEROSYSTEMS HOLDINGS, INC.

By: /s/ Justin Welner  
Justin Welner

Its: Senior Vice President,  
Chief Administration & Compliance Officer

Date: October 1, 2023

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**Schedule A**  
**Specified Unvested Awards**

1	2	3	4	5	6
Grant Name	Grant Date	Shares Underlying Award	“Vesting Date” in February 2024	Vesting Criteria	Number of Shares Vesting on Vesting Date
RSUs	26 Feb. 2021	100,164	26 Feb. 2024	Time	33,388
RSUs	7 Feb. 2022	72,384	7 Feb. 2024	Time	24,128
RSUs	10 Feb. 2023	103,384	10 Feb. 2024	Time	34,462

## **EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT (“**Agreement**”), entered into and effective as of the 30th day of September, 2023 (the “**Effective Date**”), by and between SPIRIT AEROSYSTEMS, INC., a Delaware corporation (the “**Company**”), and Patrick M. Shanahan (“**Employee**”). The Company’s parent company is Spirit AeroSystems Holdings, Inc. (“**Holdings**”).

### **RECITALS**

WHEREAS, the Company is engaged in the manufacture, fabrication, maintenance, repair, overhaul, and modification of aircraft and aircraft components and markets and sells its services and products to its customers throughout the world (the “**Business**”); and

WHEREAS, the Company has agreed to employ Employee, and Employee has agreed to serve as the President and Chief Executive Officer of the Company and of Holdings, and Employee has agreed to accept such employment in accordance with the terms and conditions of this Agreement; and

WHEREAS, in the course of performing Employee’s duties for the Company, Employee will gain certain confidential and proprietary information belonging to the Company, develop relationships that are vital to the Company’s goodwill, and acquire other important benefits to which the Company has a protectable interest.

### **AGREEMENT**

NOW THEREFORE, in consideration of the foregoing, and the representations, warranties, and covenants hereinafter, the parties hereto agree as follows:

Section 1. Employment. The Company hereby hires Employee as its President and Chief Executive Officer, and Employee agrees to serve in such capacity and to also serve as President and Chief Executive Officer of Holdings, and to perform such duties and services in and about the Business as are appropriate for a person in such positions. Employee shall be Kansas-based during his employment hereunder, and Employee’s office will be at the Company’s headquarters in Wichita, Kansas. Employee shall devote Employee’s full business time to this employment and to Employee’s service to the Company and Holdings. Employee’s employment hereunder shall commence as of the Effective Date and shall continue until termination of the Agreement in accordance with its terms (the “**Employment Period**”). Employee shall report directly to the Board of Directors of Holdings (the “**Board**”). During the Employment Period, Employee will continue to serve as a member of the Board, but will serve in the capacity of a non-independent director during such period.

Section 2. Performance. Employee shall use Employee’s reasonable best efforts and skill to faithfully enhance and promote the Business and the welfare and best interests of the Company and Holdings. Employee shall comply with all rules and regulations of the

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Company and Holdings that are applicable to Employee, follow all laws and regulations of applicable government authorities, and be governed by reasonable decisions and instructions of the Company as are consistent with job duties as described above. Notwithstanding the foregoing, Employee will be permitted to, with the prior written consent of the Board, act or serve as a director, trustee, committee member, or principal of any type of business, civic, or charitable organization as long as (a) such activities are disclosed in writing to the Company's Global Compliance office in accordance with the Company's Code of Conduct, and (b) such activities or services do not materially interfere with the performance of Employee's duties or responsibilities to the Company or Holdings.

Section 3. Compensation. Except as otherwise provided for herein, for all services to be performed by Employee in any capacity hereunder, including all services performed for the Company or Holdings and including any services as an officer, director, member of any committee, or any other duties assigned Employee throughout the Employment Period, the Company shall pay or provide Employee with the following, and Employee shall accept the same, as compensation for the performance of Employee's undertakings and the services to be rendered by Employee:

- (a) Base Salary. Employee will be entitled to an annualized salary at the rate of Two Million Dollars (\$2,000,000.00) (the "**Base Salary**"), which shall be paid in accordance with the Company's policies and procedures as in effect from time to time.
  - (b) Annual Incentive Compensation. Employee shall not be eligible for annual incentive compensation under the Spirit AeroSystems Holdings, Inc. short-term incentive program (the "**STIP**") maintained pursuant to and in accordance with the terms and conditions of the Spirit AeroSystems Holdings, Inc. 2014 Omnibus Incentive Plan, as amended or restated from time to time (the "**OIP**").
  - (c) Long-Term Incentive Awards. Employee will be eligible to receive a one-time award of restricted stock units under the Spirit AeroSystems Holdings Inc. long-term incentive program (the "**LTIP**"), granted by the Board or its compensation committee, pursuant to and in accordance with the terms and conditions of the OIP and the Company's standard time-based restricted stock unit award agreement for U.S. participants. Employee's one-time LTIP award opportunity will have an aggregate target grant date fair value equal to 400% of Base Salary, determined as of the Effective Date. Employee's LTIP award will be granted as soon as administratively feasible (but in all events within thirty (30) days) following the Effective Date of this Agreement.
  - (d) Relocation Benefits and Related Perquisites. During the Employment Period, Employee will be entitled to (i) temporary housing in Wichita, Kansas, which shall be provided pursuant to the terms of the Company's Corporate Domestic Relocation Guide — Level 4 Policy (Senior Vice President and Above), (ii) use of
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corporate aircraft to travel between Wichita, Kansas and Seattle, Washington, which use shall be provided in accordance with the terms and conditions of the Company's aircraft policy, and (iii) an automobile allowance provided in accordance with the terms of the Company's automobile policy.

- (e) Other Benefit Plans. Employee shall also be eligible to participate in the Company's other employee benefit plans, policies, practices, and arrangements as the same may be offered to other officers of the Company from time to time, including, without limitation, (i) any retirement plan, excess or supplementary plan, profit sharing plan, savings plan, health and dental plan, disability plan, survivor income and life insurance plan, executive financial planning program, or other arrangement, or any successors thereto; and (ii) such other benefit plans as the Company may establish or maintain from time to time (collectively the "**Benefit Plans**"); *provided, however*, that nothing in this Section 3(e) shall be construed as providing for participation in the Company's STIP or Deferred Compensation Plan. Employee's entitlement to any other compensation or benefits shall be determined in accordance with the terms and conditions of the Benefit Plans and other applicable programs, practices, and arrangements then in effect.
- (f) Earned Time Off. Employee will be provided with earned time off and twelve (12) paid holidays each year in accordance with the Company's policies and practices in effect from time to time. Notwithstanding any contrary policy or practice, however, Employee will be credited with a minimum of twenty-five (25) days of earned time off per year.
- (g) Fringe Benefits. Employee will be provided with all fringe benefits and prerequisites in accordance with the Company's policies as the same may be amended from time to time.
- (h) Withholding Taxes. The Company shall have the right to deduct from all payments made to Employee hereunder any federal, state, or local taxes required by law to be withheld.
- (i) Expenses. During Employee's employment, the Company shall promptly pay or reimburse Employee for all reasonable out-of-pocket expenses incurred by Employee in the performance of duties hereunder in accordance with the Company's policies and procedures then in effect.

The Company and Employee each acknowledge that amounts paid under this Agreement, the OIP or the other Benefit Plans are subject to any policy on the recovery of compensation (*i.e.*, a so-called "**clawback policy**"), as it exists now or as later adopted, and as thereafter amended from time to time. The Company hereby represents and affirms that the size of the LTIP award provided hereunder was not determined wholly or in part by a Company financial reporting measure.

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#### Section 4. Restrictions.

- (a) Acknowledgments. Employee acknowledges and agrees that: (i) during the term of Employee's employment, because of the nature of Employee's responsibilities and the resources provided by the Company, Employee will acquire valuable and confidential skills, information, trade secrets, and relationships with respect to the Business; (ii) Employee may develop on behalf of the Company and Holdings a personal acquaintance and/or relationship with various persons, including, but not limited to, customers and suppliers, which acquaintances may constitute the Company's or Holdings' only contact with such persons, and, as a consequence of the foregoing, Employee will occupy a position of trust and confidence with respect to the Company's and Holdings' affairs; (iii) the Business involves the marketing and sale of the Company's products and services to customers throughout the entire world, the Company's and Holdings' competitors, both in the United States and internationally, consist of both domestic and international businesses, and the services to be performed by Employee for the Company and Holdings involve aspects of both the Company's and Holdings' domestic and international business; and (iv) it would be impossible or impractical for Employee to perform Employee's duties for the Company and Holdings without access to the Company's and Holdings' confidential and proprietary information and contact with persons that are valuable to the goodwill of the Company and Holdings. Employee acknowledges that if Employee went to work for, or otherwise performed services for, a third party engaged in a business substantially similar to the Business, the disclosure by Employee to a third party of such confidential and proprietary information and/or the exploitation of such relationships would harm the Company's and Holdings' Business.
- (b) Reasonableness. In view of the foregoing and in consideration of the remuneration to be paid to Employee, Employee agrees that it is reasonable and necessary for the protection of the goodwill and business of the Company and Holdings and their respective subsidiaries as may exist from time to time (collectively, the Company, Holdings and their respective subsidiaries as may exist from time to time are referred to herein as the "**Company Group**") that Employee make the covenants contained in this Agreement regarding the conduct of Employee during and subsequent to Employee's employment by the Company, and that the Company Group may suffer injury if Employee engages in conduct prohibited by this Agreement.
- (c) Non-Compete. During the term of Employee's employment by the Company and for a period of (i) in the case of involuntary termination by the Company without Cause or termination by Employee for Good Reason, one (1) year after termination of employment, and (ii) in the case of termination of employment for any other reason, two (2) years after termination of such employment, Employee shall not, directly or indirectly, anywhere in the world: own, manage, operate,
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control, be employed by, solicit sales for, invest in, participate in, advise, consult with, or be professionally invested in or engaged with the ownership, management, operation, or control of any business which is engaged, in whole or in part, in the Business, or any business that is competitive therewith or any portion thereof, except in each case for the exclusive benefit of the Company Group; *provided, however*, that Employee shall not be deemed to have breached this provision if (A) Employee's sole relation with any such entity consists of Employee's holding, directly or indirectly, not greater than two percent (2%) of the outstanding securities of a company which are either listed on or through a national securities exchange or owned through an investment in a private equity or other commingled fund, or (B) Employee provides services to (or owns the related equity of) such an entity so long as the combined revenues of such entity and its affiliates relating to the competition with the Business or competitive activities as described in this paragraph represent in the aggregate less than five percent (5%) of the combined revenues of such entity and its affiliates and so long as Employee has no direct involvement in any activities that compete with the Business.

(d) Non-Solicitation. In addition, during the term of Employee's employment by the Company and for a period of (i) in the case of involuntary termination by the Company without Cause or termination by Employee for Good Reason, one (1) year after termination of employment, and (ii) in the case of termination of employment for any other reason, two (2) years after termination of such employment, Employee shall not, directly or indirectly: solicit or take any action to induce (A) any employee to quit or terminate their employment with any member of the Company Group other than in connection with Employee's good faith performance of his duties during the Employment Period or (B) any customer to cease doing business with, or reduce or modify its business with, any member of the Company Group other than in connection with Employee's good faith performance of his duties during the Employment Period. This Section 4(d) shall not prohibit general solicitations for employment not specifically directed at employees of any member of the Company Group.

(e) Confidentiality.

(i) Confidential Information. For purposes of this Agreement, "**Confidential Information**" means any information (whether in written, oral, graphic, schematic, demonstration, or electronic format, whether or not specifically marked or identified as confidential, and whether obtained by Employee before or after the Effective Date), not otherwise publicly disclosed by a member of the Company Group, regarding (without limitation) any member of the Company Group, or their Business, customers, suppliers, business partners, prospects, contacts, contractual arrangements, discussions, negotiations, evaluations, labor negotiations, bids, proposals, aircraft programs, costs, pricing, financial condition or results, plans,

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strategies, governmental relations, projections, analyses, methods, processes, models, tooling, know-how, trade secrets, discoveries, research, developments, inventions, engineering, technology, proprietary information, intellectual property, designs, computer software, intelligence, legal or regulatory compliance, accounting decisions, opportunities, challenges, and any other information of a confidential or proprietary nature or that is competitively valuable to any member of the Company Group by virtue of not being generally known to the public. Notwithstanding the foregoing, Confidential Information will not include any information that (A) Employee is required to disclose by a court order, subpoena, or other legal demand, so long as (1) Employee gives the Company written notice and an opportunity to contest or seek confidential treatment of such disclosure; and (2) Employee fully cooperates at the Company's expense with any such contest or confidential treatment request; (B) has been otherwise publicly disclosed, or made publicly available by Company or Holdings; or (C) was obtained by Employee in good faith from a source that was under no obligation of confidentiality to any member of the Company Group or any customer or supplier.

- (ii) Non-Use and Non-Disclosure. Without the express written consent of the Company or Holdings, Employee will not at any time (whether during the Employment Period or after any termination of employment for any reason) use for any purpose (other than for the exclusive benefit of the Company and Holdings) or disclose to any person (except at the direction of the Company or Holdings) any Confidential Information.
  - (iii) Permitted Disclosures. Notwithstanding the foregoing or any other provision of this Agreement, and specifically Section 4(e)(ii) above, nothing in this Agreement or in any other agreement between Employee and the Company or Holdings is intended to, or does, preclude Employee from (A) contacting, reporting to, responding to an inquiry from, filing a charge or complaint with, communicating with, or otherwise participating in an investigation conducted by the U.S. Securities and Exchange Commission, or any other federal, state, or local governmental agency, commission, or regulatory body; (B) giving truthful testimony or making statements under oath in response to a subpoena or other valid legal process or in any legal proceeding; (C) otherwise making truthful statements as required by law or valid legal process; (D) engaging in any other legally protected activities; or (E) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Furthermore, pursuant to the Defend Trade Secrets Act of 2016, Employee will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (1) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (y) solely for the purpose of reporting
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or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Employee likewise understands that, if he files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret(s) of the Company or Holdings to Employee's attorney and use the trade secret information in the court proceeding, if Employee (I) files any document containing the trade secret under seal; and (II) does not disclose the trade secret, except pursuant to court order.

- (f) Effect of Breach. Employee agrees that a breach of this Section 4 cannot adequately be compensated by money damages and, therefore, each member of the Company Group shall be entitled, in addition to any other right or remedy available to it (including, but not limited to, an action for damages), to seek an injunction restraining such breach or a threatened breach and to specific performance of such provisions, and Employee hereby consents to the issuance of such injunction and to the ordering of specific performance, without the requirement of any member of the Company Group to post a bond or other security.
  - (g) Other Rights Preserved. Nothing in this Section eliminates or diminishes rights which the Company may have with respect to the subject matter hereof under any other agreements, governing statutes, or under provisions of law, equity, or otherwise.
  - (h) Section 409A. The Company and Employee intend that the payments and benefits provided for in this Agreement either be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), or be provided in a manner that complies with Section 409A of the Code, and any ambiguity herein shall be interpreted so as to be consistent with the intent of this Section 4(h). Employee acknowledges that Section 409A of the Code places responsibility for additional taxes and penalties on Employee and not the Company in the event of a breach of the provisions of Section 409A of the Code. Notwithstanding anything contained herein to the contrary, all payments and benefits under Section 6(b) of this Agreement shall be paid or provided only at the time of a termination of Employee's employment that constitutes a "separation from service" from the Company within the meaning of Section 409A of the Code and the regulations and guidance promulgated thereunder (determined after applying the presumptions set forth in Treas. Reg. Section 1.409A-1(h)(1)). Further, if at the time of Employee's termination of employment with the Company, Employee is a "specified employee" as defined in Section 409A of the Code as determined by the Company in accordance with Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company
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will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in payments or benefits ultimately paid or provided to Employee) until the date that is at least six (6) months following Employee's termination of employment with the Company (or the earliest date permitted under Section 409A of the Code), whereupon the Company will pay Employee a lump-sum amount equal to the cumulative amounts that would have otherwise been previously paid to Employee under this Agreement during the period in which such payments or benefits were deferred. Thereafter, payments will resume in accordance with this Agreement. For purposes of Section 409A of the Code, each of the payments that may be made under this Agreement are designated as separate payments.

Notwithstanding anything to the contrary in this Agreement, in-kind benefits and reimbursements provided under this Agreement during any calendar year shall not affect in-kind benefits or reimbursements to be provided in any other calendar year, other than an arrangement providing for the reimbursement of medical expenses referred to in Section 105(b) of the Code, and are not subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, reimbursement requests must be timely submitted by Employee and, if timely submitted, reimbursement payments shall be promptly made to Employee following such submission, but in no event later than December 31st of the calendar year following the calendar year in which the expense was incurred. In no event shall Employee be entitled to any reimbursement payments after December 31st of the calendar year following the calendar year in which the expense was incurred. This Section shall only apply to in-kind benefits and reimbursements that would result in taxable compensation income to Employee.

Additionally, in the event that following the date hereof the Company or Employee reasonably determines that any compensation or benefits payable under this Agreement may be subject to Section 409A of the Code, the Company and Employee shall work together to adopt such amendments to this Agreement or adopt other policies or procedures (including amendments, policies and procedures with retroactive effect), or take any other commercially reasonable actions necessary or appropriate to (i) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (ii) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance.

Section 5. Termination. This Agreement and Employee's employment shall terminate upon the following circumstances:

- (a) Without Cause. At any time at the election of either Employee or the Company for any reason or no reason, without Cause (as defined below), but subject to the
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provisions of this Agreement. It is expressly understood that Employee's employment is strictly "at will" and may be terminated by either party at any time.

- (b) Cause. At any time at the election of the Company for Cause. "**Cause**" for this purpose shall mean (i) Employee's commission of a material breach of this Agreement or acts involving fraud, material and intentional dishonesty, material and intentional unauthorized disclosure of Confidential Information, the commission of a felony or other crime involving moral turpitude, or material violation of policies of any member of the Company Group made available to Employee; (ii) direct and deliberate acts constituting a material breach of Employee's duty of loyalty to any member of the Company Group; (iii) Employee's refusal or material failure (other than by reason of a Disability (as defined below)) to perform Employee's job duties and responsibilities, including, but not limited to, any duties or responsibilities reasonably assigned to Employee by the Board, if such refusal or failure is not remedied within thirty (30) days after Employee receives written notice thereof from the Board; or (iv) (v) Employee's inability to obtain and maintain the appropriate level of United States security clearance.
  - (c) Good Reason. At any time (subject to the notice and cure provisions included in this clause (c)) at the election of Employee for Good Reason. "**Good Reason**" for this purpose shall mean the occurrence of any of the following, in each case during the Employment Period and without Employee's consent: (i) a material diminution in Employee's Base Salary, other than a general reduction in Base Salary that does not exceed twenty percent (20%) and that affects similarly situated executives in substantially the same proportions; (ii) a material diminution in Employee's title, authority, duties, reporting relationships or responsibilities; (iii) a requirement that Employee report to anyone other than the Board; or (iv) any other action or inaction with respect to the terms and conditions of Employee's employment that constitutes a material breach by the Company of this Agreement. Employee cannot terminate employment for Good Reason unless (A) Employee has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within 30 days of the initial existence of the condition; (B) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by the Company; and (C) the date of Employee's termination of employment must occur within ninety (90) days after the initial existence of the condition specified in such notice.
  - (d) Death or Disability. Upon Employee's death or Employee being unable, due to physical or mental disability (and after giving effect to reasonable accommodation, if available and required by applicable law), to render the services required to be rendered by Employee for a period of one hundred eighty (180) days during any twelve (12)-month period ("**Disability**").
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Section 6. Effect of Termination.

- (a) Termination Other than Section 6(b). If Employee's employment is terminated for any reason other than as described in Section 6(b) below, the Company will pay Employee's compensation only through the last day of the Employment Period (less any amounts the Company may offset or deduct as specified in this Agreement or as otherwise permitted), and, except as may otherwise be expressly provided in this Agreement (including Section 3(e) hereof) or the OIP, the LTIP, or in any Benefit Plan, the Company shall have no further obligation to Employee.
- (b) Non-Cause, Good Reason, Death, Disability, Retirement.
- (i) If Employee's employment is terminated by the Company without Cause or is terminated by Employee for Good Reason (each, a "**Qualifying Termination**"), then for as long as Employee complies with his continuing obligations under Section 4, Employee will be treated as one hundred percent (100%) vested in all time-based LTIP awards granted to Employee pursuant to this Agreement. The treatment of all outstanding LTIP awards granted to Employee during the Employment Period shall otherwise be governed by the terms of the OIP, the LTIP, and the applicable award agreements thereunder, including the terms thereunder that provide for 100% vesting upon Employee's death, Disability, or Retirement (as such term is defined under the applicable LTIP award agreements).
- (ii) Further, if Employee experiences a Qualifying Termination within twelve (12) months after a Change in Control (as defined below) (such termination, a "**CIC Termination**"), then as long as Employee complies with his continuing obligations under Section 4, Employee will receive severance in an amount equal to one (1) times Employee's then-current annualized Base Salary rate, which severance will be payable in a single lump-sum cash payment within sixty (60) days following the date of termination, and, if, and only if, such CIC Termination occurs prior to the one (1) year anniversary of the Effective Date, Employee will also receive an additional single lump-sum cash payment within sixty (60) days following the date of termination, equal to the remaining amount of Base Salary that Employee would have received if Employee would have remained employed from the applicable date of termination through the one (1) year anniversary of the Effective Date.
- (iii) "**Change in Control**" means, for purposes of this Agreement, (A) a transaction pursuant to which a Person, or more than one Person acting as a group, acquires more than fifty percent (50%) of the total voting power of Holdings (including, but not limited to, acquisition by merger,
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consolidation, recapitalization, reorganization or sale or transfer of the Holdings' equity interests); (B) a merger or consolidation involving Holdings in which Holdings is not the surviving entity; (C) a transaction that is a sale or transfer of all or substantially all of the assets of Holdings or the Company, if all or substantially all of the proceeds from such transaction are distributed to the stockholders of Holdings; or (iv) a majority of the members of the Board are replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the Board before the date of appointment or election. Capitalized Terms used in this definition, but not defined herein shall have the meaning assigned to them in the OIP.

- (c) Release. With respect to any severance payable and accelerated vesting of previously unvested time-based LTIP awards that occurs solely by virtue of the operation of Section 6(c), Employee shall be entitled to such severance and vesting only if he signs an agreement acceptable to the Company (in a form that will be provided to Employee by the Company within seven (7) days following the end of the Employment Period, which form shall not contain additional restrictive covenants and which form, to the extent it includes any non-disparagement covenants, will reflect mutual obligations, the scope of which shall be established by the Company) that releases the Company and each other member of the Company Group from all actions, suits, claims, proceedings and demands, including those related to the Employment Period and the termination of employment (except for rights to benefits provided under Section 6(b) of this Agreement and under the Benefit Plans or as may otherwise be expressly provided in this Agreement). Employee must sign and tender the release as described above not later than sixty (60) days following Employee's last day of employment, or such earlier date as required by the Company, and if Employee fails or refuses to do so (or if Employee exercises any revocation right as set forth in the release), Employee shall forfeit the right to such severance and accelerated vesting pursuant to Section 6(b) that would otherwise be due and payable. If vesting is accelerated solely pursuant to Section 6(b) of this Agreement, such vesting will occur as soon as administratively feasible following the execution and non-revocation of the release described in this Section 6(c). For the sake of clarity, the release requirements included in this Section 6(c) shall not apply to the extent that vesting of Employee's LTIP awards occurs pursuant to the terms of the OIP, LTIP, and award agreement and absent the application of Section 6(b) of this Agreement.
- (d) Return of Property. Upon termination of employment, and at any other time upon the Company's request, Employee shall deliver all trade secret, confidential information, records, notes, data, memoranda, and equipment of any nature that are in Employee's possession or under Employee's control and that are the property of any member of the Company Group or relate to the business of the Company Group, and Employee shall pay to the Company any amounts due and
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owing from Employee to the Company as specified in this Agreement; *provided, however*, Employee shall be permitted to retain his personal address book and his cell phone number.

- (e) Survival. Employee's obligations under Section 4 through Section 9 of this Agreement shall survive the expiration or termination of this Agreement and the end of the Employment Period. The Company shall have no obligation to provide the accelerated vesting set forth in Section 6(c) above unless and until Employee has fully complied with Employee's obligations under this Section 6.

Section 7. Representations and Warranties.

- (a) No Conflicts. Employee represents and warrants to the Company and Holdings that Employee is under no duty (whether contractual, fiduciary, or otherwise) that would prevent, restrict, or limit Employee from fully performing all duties and services for the Company and Holdings, and the performance of such duties and services shall not conflict with any other agreement or obligation to which Employee is bound. Employee agrees to comply with all obligations that Employee may have to prior employers and other third parties in the course of his employment with or service to the Company and Holdings.
- (b) No Hardship. Employee represents and acknowledges that Employee's experience and/or abilities are such that observance of the covenants contained in this Agreement will not cause Employee any undue hardship and will not unreasonably interfere with Employee's ability to earn a livelihood.

Section 8. Alternative Dispute Resolution.

- (a) Mediation. Employee and the Company Group agree to submit, prior to arbitration, all unsettled claims, disputes, controversies, and other matters in question between them arising out of or relating to this Agreement (including but not limited to any claim that the Agreement or any of its provisions is invalid, illegal, or otherwise voidable or void) or the dealings or relationship between Employee and the Company or Holdings ("**Disputes**") to mediation in Wichita, Kansas and in accordance with the Commercial Mediation Rules of the American Arbitration Association then in effect. The mediation shall be private, confidential, voluntary, and nonbinding. Any party may withdraw from the mediation at any time before signing a settlement agreement upon written notice to each other party and to the mediator. The mediator shall be neutral and impartial. The mediator shall be disqualified as a witness, consultant, expert, or counsel for either party with respect to the matters in Dispute and any related matters. The Company Group and Employee shall pay their respective attorneys' fee and other costs associated with the mediation, and the Company Group and Employee shall equally bear the costs and fees of the mediator. If a Dispute
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cannot be resolved through mediation within ninety (90) days of being submitted to mediation, the parties agree to submit the Dispute to arbitration.

- (b) Arbitration. Subject to Section 8(a), all Disputes will be submitted for binding arbitration to the American Arbitration Association on demand of either party. Such arbitration proceeding will be conducted in Wichita, Kansas and, except as otherwise provided in this Agreement, will be heard by one (1) arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state arbitration law. The arbitrator will have the right to award or include in his award any relief which he deems proper under the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and reasonable attorneys' fees and costs, *provided* that the arbitrator will not have the right to amend or modify the terms of this Agreement. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction. Except as specified above, the Company Group and Employee shall pay their respective attorneys' fees and other costs associated with the arbitration, and the Company shall solely bear the costs and fees of the arbitrator. Nothing in this Section shall preclude Employee from filing a charge or complaint with a federal, state or other governmental administrative agency, and nothing herein will require the arbitration of claims that, as a matter of applicable law, the parties cannot agree to arbitrate.
- (c) Confidentiality. Employee and the Company agree that they will not disclose, or permit those acting on their behalf to disclose, any aspect of the proceedings under Section 8(a) and Section 8(b), including but not limited to the resolution or the existence or amount of any award, to any person, firm, organization, or entity of any character or nature, unless divulged (i) to an agency of the federal or state government, (ii) pursuant to a court order, (iii) pursuant to a requirement of law, (iv) pursuant to prior written consent of the other party, or (v) pursuant to a legal proceeding to enforce a settlement agreement or arbitration award. This provision is not intended to prohibit nor does it prohibit Employee's or the Company's disclosures of the terms of any settlement or arbitration award to their attorney(s), accountant(s), financial advisor(s), or family members, *provided* that they comply with the provisions of this paragraph and the Company or Employee, as the case may be, shall be responsible for any non-compliance with this paragraph by persons to whom any such terms have been disclosed pursuant to this sentence.
- (d) Injunctions. Notwithstanding anything to the contrary contained in this Section 8, the Company Group and Employee shall have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; *provided, however*, that the Company Group and Employee must contemporaneously submit the Disputes for nonbinding mediation
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under Section 8(a) and then for arbitration under Section 8(b) on the merits as provided herein if such Disputes cannot be resolved through mediation.

- (e) THE PARTIES ACKNOWLEDGE THAT, IN ENTERING INTO THIS SECTION 8, THEY ARE KNOWINGLY AND VOLUNTARILY WAIVING THEIR RIGHTS TO A JURY TRIAL.

Section 9. General.

- (a) Notices. All notices required or permitted under this Agreement shall be in writing, may be made by personal delivery or facsimile transmission, effective on the day of such delivery or receipt of such transmission, or may be mailed by registered or certified mail, effective two (2) days after the date of mailing, addressed as follows:

To the Company:

Spirit AeroSystems, Inc.  
Attention: Mindy McPheeters,  
Senior Vice President, General Counsel, and Corporate Secretary  
3801 S. Oliver  
P.O. Box 7780008, Mail Code K11-60  
Wichita, KS 67278-0008  
E-mail: [\*\*\*\*]

or such other person or address as designated in writing to Employee.

To Employee:

Patrick M. Shanahan  
at Employee's last known residence address or to such other address as designated by Employee in writing to the Company.

- (b) Successors. Neither this Agreement nor any right or interest therein shall be assignable or transferable (whether by pledge, grant of a security interest, or otherwise) by Employee or Employee's beneficiaries or legal representatives, except by will, by the laws of descent and distribution, or *inter vivos* revocable living grantor trust as Employee's beneficiaries. This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and assigns, and Employee and shall be enforceable by them and Employee's heirs, legatees, and legal personal representatives, *provided* that the Company may not assign this Agreement except to an acquirer of all or substantially all of its assets and then only if the assignee assumes the obligations hereunder in writing or operation of law. Holdings is an intended beneficiary of Employee's covenants,
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representations and warranties that are applicable to it and shall be entitled to enforce and rely upon such provisions.

- (c) Waiver, Modification, and Interpretation. No provisions of this Agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in a writing signed by Employee and an appropriate officer of the Company empowered to sign the same by the Board. No waiver by either party at any time of any breach by the party of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the State of Kansas; *provided, however*, that the corporate law of the state of incorporation of the Company's parent shall govern issues related to the issuance of shares of its common stock. Except as provided in Section 8, any action brought to enforce or interpret this Agreement shall be maintained exclusively in the state and federal courts located in Wichita, Kansas.
  - (d) Interpretation. The headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of any provision of this Agreement. No provision of this Agreement shall be interpreted for or against any party hereto on the basis that such party was the draftsman of such provision; and no presumption or burden of proof shall arise disfavoring or favoring any party by virtue of the authorship of any of the provisions of this Agreement.
  - (e) Counterparts. The Company and Employee may execute this Agreement in any number of counterparts, each of which shall be deemed to be an original but all of which shall constitute but one instrument. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.
  - (f) Invalidity of Provisions. If a court of competent jurisdiction shall declare that any provision of this Agreement is invalid, illegal, or unenforceable in any respect, and if the rights and obligations of the Parties to this Agreement will not be materially and adversely affected thereby, in lieu of such illegal, invalid, or unenforceable provision the court may add as a part of this Agreement a legal, valid, and enforceable provision as similar in terms to such illegal, invalid, or unenforceable provision as is possible. If such court cannot so substitute or declines to so substitute for such invalid, illegal, or unenforceable provision, (i) such provision will be fully severable; (ii) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and (iii) the remaining provisions of this Agreement will remain in full force and effect and not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom. The covenants contained in this Agreement shall each be construed to be a separate agreement independent of any other provision of this Agreement, and the existence of any claim or cause of
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action of Employee against the Company, predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of any of said covenants.

- (g) Entire Agreement. This Agreement (together with the documents expressly referenced herein) constitutes the entire agreement between the parties, supersedes in all respects any prior agreement between the Company and Employee and may not be changed except by a writing duly executed and delivered by the Company and Employee in the same manner as this Agreement.
- (h) No Mitigation. Employee shall not be required, as a condition to receiving any payments or benefits under this Agreement, to seek or obtain any other employment after any termination of employment hereunder or to take any steps to reduce the amount of any payment or benefit described in this Agreement. Further, the amount of any payment or benefit provided in this Agreement shall not be reduced by any compensation earned by Employee as the result of any employment by another employer or other compensation for services.
- (i) Indemnity. The Company will indemnify Employee to the same extent the Company indemnifies other comparable level executives of the Company consistent with the Company's Certificate of Incorporation and Bylaws.
- (j) Excess Parachute Payments. If any portion of the payments or benefits under this Agreement, or under any other agreement with Employee or any plan of the Company or its affiliates (in the aggregate, "**Total Payments**"), would constitute an "excess parachute payment" and would, but for this paragraph, result in the imposition on Employee of an excise tax under Section 4999 of the Code (the "**Excise Tax**"), then the Total Payments to be made to Employee shall either be (i) delivered in full, or (ii) delivered in such amount so that no portion of such Total Payments would be subject to the Excise Tax, whichever of the foregoing results in the receipt by Employee of the greatest benefit on an after-tax basis (taking into account the applicable federal, state and local income taxes and the Excise Tax) and the reduction will be made in such manner that results in the maximum amount to be retained by Employee and is in compliance with Code sections 280G and 409A. The determination required by this paragraph shall be made by the Company in its reasonable determination and in reliance on its tax advisors.

[Signature page follows.]

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**CERTIFICATION PURSUANT TO  
RULE 13a/15d OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Patrick M. Shanahan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Spirit AeroSystems Holdings, Inc. (“registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Patrick M. Shanahan

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Patrick M. Shanahan  
President and Chief Executive Officer

Date: November 1, 2023

**CERTIFICATION PURSUANT TO  
RULE 13a/15d OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark J. Suchinski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Spirit AeroSystems Holdings, Inc. (“registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Mark J. Suchinski

Mark J. Suchinski

Senior Vice President and Chief Financial Officer

Date: November 1, 2023

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Spirit AeroSystems Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 28, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrick M. Shanahan, as President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Patrick M. Shanahan

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Patrick M. Shanahan  
President and Chief Executive Officer

Date: November 1, 2023

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Spirit AeroSystems Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 28, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark J. Suchinski, as Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark J. Suchinski

Mark J. Suchinski

Senior Vice President and Chief Financial Officer

Date: November 1, 2023